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EFFECT OF FALSE SUSTAINABILITY CLAIMS ON CUSTOMER RETENTION.

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Abstract <p>This study aims to extend the understanding of the effect of false sustainability claims on customer retention. In recent years, knowledge and capability to manage corporate sustainability have become crucial and sustaining customer relationships is one of the primary purposes of corporate sustainability. Extreme competition sometimes causes unethical behavior even though customer retention is in play. As customer demand grows for sustainability in business, companies emphasize false sustainable claims such as vague, misleading, and false statements and corporate greenwashing. This troubling evolution of the effect of false sustainable claims on customer retention examines through the main research question "<i>How is customer retention affected by false sustainability claims?</i>". Further, this study is only approaching the company perspective on the subject.</p> <p>The research is qualitative and has used the abductive research approach. The theoretical framework has formed from the research question and further modified during the empirical study. The empirical data has been gathered from eight in-depth interviews using the purposive sampling technique from the non-probability sampling techniques. Interviewees are owners or the management level employees of Finnish companies that value corporate sustainability and have extensive professional experience of the subject. Accumulated empirical data, organized, and analyzed logically with theory. The results highlighted the drivers and benefits of customer retention, the importance of customer retention, the relationship between corporate sustainability and customer retention, corporate sustainability on customer retention and the effect of false sustainability claims on customer retention.</p> <p>The findings of the study are mainly aligned with the previous literature, and new findings have derived on the subject. The key results of this study indicate that the drivers of customer retention are trust, transparency, commitment, customer satisfaction and being ethical is affected by false sustainability claims. Further, false sustainability claims negatively impact the benefits of customer retention, loyalty, reputation, brand image, and word of mouth. Therefore, the study has found that false sustainability claims do not contribute to customer retention, and concepts undesirably complement each other. Apart from the theoretical contribution of the study, the study can be used to guide managerial attention towards the relevant issue. Though the results of the study are bound to be applicable globally, the overall generalizability of the findings still calls for further testing. Therefore, the last part of the study contains limitations of the research and suggestions for future research.</p>			
Keywords Corporate Sustainability, False sustainability claims, Corporate greenwashing, Customer Retention, Customer life cycle management.			
Additional information			

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1 INTRODUCTION

1.1 Background and context of the study

The term sustainability is increasingly gaining traction with academia, industry, and policymakers (Geissdoerfer et al., 2017). In recent years, knowledge and capability to manage corporate sustainability have become crucial in the corporate world (Hesselbarth & Schaltegger, 2014). When the organizational managers and owners realized that corporate sustainability could adversely impact its long-term success, managing responsibly has become an urgent matter (Montiel et al., 2019). Sustaining customer relationships is one of the primary purposes of corporate sustainability (Székely & Knirsch, 2005). A business's sole purpose is creating a customer and keeping them within the company (Ang & Buttle, 2006). It helps if companies have shared values for long-term relationships, such as sustainability practices (Schultz & Block, 2013). To accomplish that, cultivating loyalty from customers is lucrative (Montiel & Delgado-Ceballos, 2014). It encourages customer retention rates (Lewis, 2004). Customer retention is vital because it can influence positive word-of-mouth, sound financial performance, positive brand image, loyalty, repurchase intent and enhanced reputation (Haverila & Haverila, 2018; Ferrell, 2004). Companies should become more trustworthy, transparent, commit, and ethical to customers on environmental and social and financial performance dimensions (Ferrell, 2004; Livesey & Kearins, 2002; van Doorn et al., 2017).

However, according to Ferrell (2004), extreme competition sometimes causes unethical behaviour even though customer retention is in play. Many companies' sustainability reporting can announce a "window-dressing" (Gnanaweera & Kunori, 2018). As buyer demand grows for sustainable goods and services, companies emphasize false sustainable claims such as vague, misleading, false statements and corporate greenwashing (Emeseh & Songi, 2014). This troubling evolution of false sustainable claims immensely affects sustainable consumers (Urbański & ul Haque, 2020). Even reputable companies mislead buyers through vague claims, leading to misunderstanding, misinterpretation, or confusion (Nunes & Park, 2017). It adversely affects customer retention. It makes it unfeasible for consumers to know whether their green purchases generate environmental benefits (Schmidt, 2009).

This research has used the most dominant way of constructing a research question; gap-spotting (Alvesson & Sandberg, 2011). In this method, researchers review the literature to spot gaps in the existing literature and formulate a research question. There are different modes of gap-spotting, such as confusion, neglect, and application spotting (Alvesson & Sandberg, 2011). This study has used the neglect spotting mode. Neglect spotting means spotting something neglected in the existing literature and yet crucial to research (Alvesson & Sandberg, 2011). Based on the current literature, the topic of this research is under-researched. Even though it is a globally troubling evolution, less attention has been paid to studying the effect of false sustainability claims on customer retention. There are multiple existing studies on how corporate sustainability can affect customer retention. However, it was hard to find any study discussing the "Effect of false sustainability claims on customer retention."

Ang & Buttle (2006) state that even though customer retention has been an important topic since the mid-1990s, there is no adequate research about management processes associated with excellent customer retention performance. Further, van Doorn et al. (2017) claim that based on their research understanding, no studies so far have assessed the influence of corporate sustainability efforts on actual customer retention except their research paper. Even De Jong et al. (2017) mention that studies on the effects of corporate greenwashing on customers are minimal though academic attention to the phenomenon of greenwashing is rapidly increasing. Therefore, to the best understanding of the author, after searching the databases, the researcher could not find any previous research about the impact of false sustainability claims on actual customer retention. It indicates a research gap on this subject, provides justification for this study and needs further exploration.

1.2 Objectives of the study and research problem

There is much importance in researching this topic since sustainability is becoming more important to companies across all industries to ensure responsibly, ethical, and ongoing success. This study will shed light on the effect of false corporate sustainability claims and the importance of consumer retention. Even though academic attention to the phenomenon of greenwashing is rapidly increasing, there are only

minimal studies about the subject (De Jong et al., 2017). There are different types of customers, and from them, it is essential to understand which customers bring long-term values to the organization (Boertjens & Cornelius, 2017; Nguyen et al., 2018). In the theoretical aspect, it is crucial to understand how these false sustainability claims influence customer retention as customer retention the most critical phase in the customer lifecycle (Business Wire, 2014) is. From a managerial perspective, it is essential to identify customers most at risk of churn and act accordingly to retain them (Business Wire, 2014). Retained customers can benefit the company, which help for long term success (Haverila & Haverila, 2018; Ferrell, 2004). However, since false sustainability claims such as corporate greenwashing are an emerging problem in recent years, it is crucial to know its effect on customer retention. As Urbański & ul Haque (2020) mentioned, most customers identify themselves as green consumers; there is a significant focus on the green brand image, green brand love, and green brand loyalty concerning green purchase behaviour. This green purchase behaviour can adversely affect greenwashing and other false sustainability claims.

Therefore, to achieve those research objectives, the study conducted based on the main research question “*How is customer retention affected by false sustainability claims?*”. Since the empirical chapter of this study was explicated thoroughly through the literature review while rebuilding the theoretical framework, the researcher directly focused on the main research question without any sub-questions.

Consequently, the research is built on three main themes and four sub-themes to support the research question. The main three themes are false sustainability claims (based on the literature Emeseh & Songi, 2014; Nunes & Park, 2017; Schmidt, 2009; Sikdar, 2019), customer retention (based on the literature Ang & Buttle, 2006; Gounaris, 2005; Gustafsson et al., 2005; Haverila & Haverila, 2018; Lewis, 2004; Stahl et al., 2012; van Doorn et al., 2017) and corporate sustainability and customer retention (based on the literature Ankit & Mayur, 2013; Chen, 2015; Grewatsch & Kleindienst, 2015; Park & Kim, 2016).

The sub-themes are sustainability (based on the literature Geissdoerfer et al., 2017; Vos, 2007), corporate sustainability (based on the literature Harrison & Freeman, 1999; Hart & Dowell, 2010; Hart, 1995; Husted & Allen, 2006; Montiel et al., 2019;

Schultz & Block, 2013; Stewart & Niero, 2018), corporate greenwashing (based on the literature De Jong et al., 2017; Delmas & Burbano, 2011; Emeseh & Songi, 2014; Urbański & ul Haque, 2020), and customership (based on the literature Boertjens & Cornelius, 2017; Ferrell, 2004; Nguyen et al., 2018). These themes have been used as the codes during the data collection and analysis process.

This study will help understand organizational perspective to deceptive sustainable claims based on various experiences, and based on that, explanations can develop on how to maintain customer retention. The results can then further be used as a base for further research on the subject and marketing strategies to regulate and control the accuracy of sustainability claims. Furthermore, there is a very personal stake in this research beyond the scope of good academic performance. This research is motivated by the escalating amount of false sustainable claims experienced in personal life, and as a sustainable consumer, this topic is more relevant for the author, personally and academically.

1.3 Research methodology

This research will be conducted as qualitative research as the study does not aim to examine statistical issues. Further, since the research is based on a sensitive topic from an organizational perspective, the qualitative research method is helpful to examine and study the research question in-depth while keeping confidentiality. Qualitative research extracts the meaning associated with the studied subject through "why" and "how" questions and focuses on provoking people's stories (Grossoehme, 2014; Vanclay, 1991). A thematic literature review was carried out using academic journals, books and other databases recommended by the University of Oulu to provide the base for empirical study. The empirical data of this study is collected via in-depth interviews with representatives of various organizations involved in corporate sustainability and customer relationship management.

The semi-structured in-depth interview is usually a relaxed, open, and honest discussion about a topic of mutual interest between two individuals (Mason, 2002). In-depth interviews can explore a sensitive issue to assure confidentiality and trustworthiness between the interviewer and the interviewee (Wheeler, 2021). To

collect relevant information and data to analyse the research questions, interviewees who have some direct experience of or personal stake in the topic have been deliberately selected and identified through online databases and personal networks. Interviews contained questions related to corporate sustainability, interviewees' perspectives on corporate sustainability, sustainability claims and false sustainability claims, and customer retention based on pre-determined themes.

The gathered information has analyzed through content analysis. Content analysis is a form of analysis that counts and reports the frequency of concepts, words, and behaviours held within the data and develop codes based on different themes (Vaismoradi et al., 2013). In the analysis process, the computer assistant program QSR NVivo (Release 1.4.1) was used to help the researcher dealing with the enormous information flow. Pre-determined codes were created based on the results, and data was transmitted carefully to the relevant themes. Finally, after the analysis, the researcher adopted the theoretical framework with empirical findings and eventually developed conclusions and answered the research question. The research methodology has been discussed more in detail in chapter 3.

1.4 Structure of the study

Management theory development is hard to write and structure. Authors often find it difficult to know where to start, how to proceed and how to choose the best research approach (Lange & Pfarrer, 2017). Lange and Pfarrer (2017) mentioned that authors could use the five core building blocks to structure a management study to communicate a captivating storyline. Those building blocks are common ground (commonly accepted status in the literature), complication (the problem with the situation), concern (why the problem is essential to consider), course of action (how the difficulty is resolved) and contribution (how research changes the discussion). Therefore, this study has conducted and structured preliminary ideas under each of these core building blocks to understand the main research question.

The study was followed the basic procedure of writing a thesis. The study contains the following sections, with an attempt to cover the subject holistically and without gaps in the theoretical framework or empirical findings of the research. The first chapter

introduced the topic and the purpose of this research. Then the second chapter delves into the theoretical section of the study. It includes the essential parts of previous literature and the theoretical background on all the study aspects. Starting with definitions and continuing with the review and possible consensus in previous literature about the subjects approached. The study's theoretical part will first explain the theories regarding sustainability, corporate sustainability, false sustainability claims, customership, and customer retention, where the reader is familiarized with the topic of the study and the research problem. Following the theoretical part in the third chapter explains the study's methodology, including the chosen research method, data collection and data analysis. The fourth chapter includes the findings and discussions of the study with reflections on the previous literature. Lastly, chapter five contains conclusions and contributions of the study and limitations of the research and suggestions for future research.

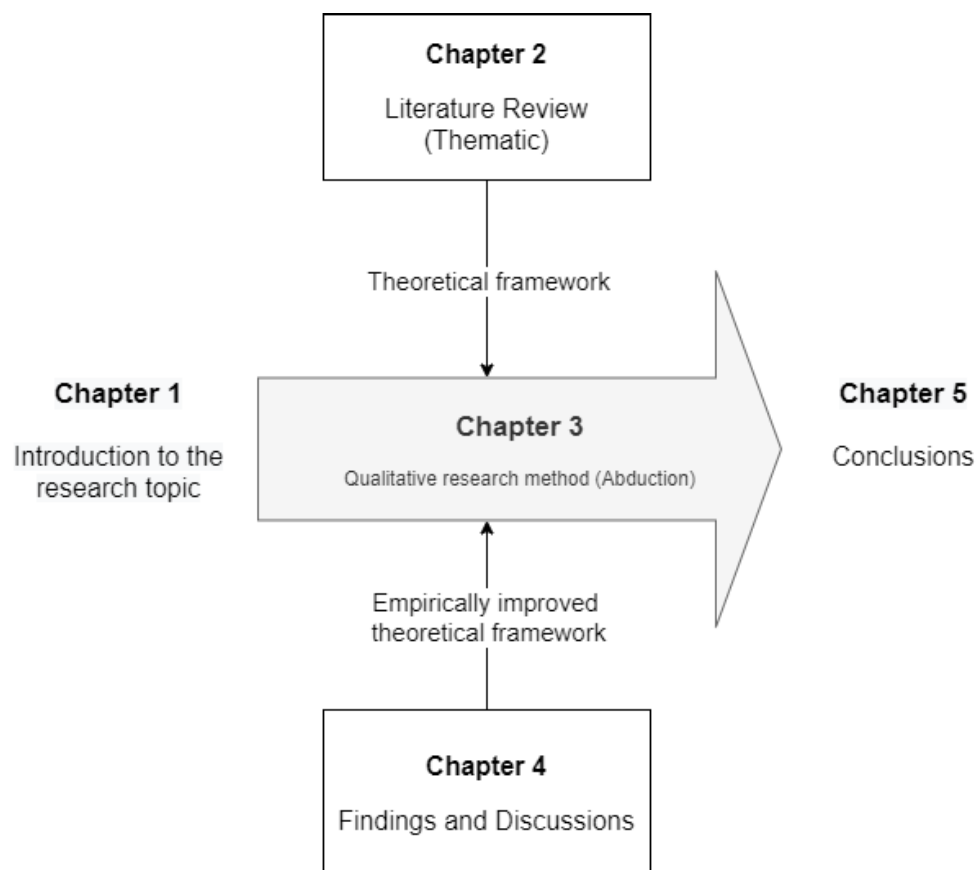


Figure 1: Structure of the study

2 LITERATURE REVIEW

Literature Review presents existing research on sustainability, false sustainability claims, customership, customer retention, and concepts relevant to those themes to study how false sustainability claims affect customer retention. The review presented is secondary literature and does not present an original idea or research. This section aim is to develop a theoretical framework to conduct the research.

2.1 Sustainability

There have been various definitions of sustainability. According to Vos (2007), one of the most cited definitions of sustainability comes from its origin in the Brundtland report of 1987: sustainability as the development that convenes the present's needs without comprising the capability of future generation to achieve their needs. Geissdoerfer et al. (2017) frame sustainability as the balanced and systemic integration of intra and intergenerational economic, social, and environmental performance because of its holistic, adaptive, and flexible nature. Most of the sustainability definitions share core elements such as environmental problems concerning the economy and society. In some definitions, such as in Brundtland definition, focus more on intergenerational equity. The rest of the definitions emphasize sustainable compliance with existing laws and regulations. Those are more focused on definitions for businesses in conferring a competitive advantage (Vos, 2007).

The term sustainability is increasingly gaining traction with academia, industry, and policymakers (Geissdoerfer et al., 2017). For example, Geissdoerfer et al. (2017) explain that sustainability concerns are gradually incorporated with policy makers' agendas and strategies with the three pillars of sustainability: people, profit, and the planet. Moreover, according to Hesselbarth and Schaltegger (2014), in recent years, knowledge and capability to manage corporate sustainability have become a crucial component in different companies, career paths, consultancies, non-profit organizations and even in public institutions. As a result, most universities and business schools have taken the initiative to advance the teaching activities on corporate social responsibility and sustainability management. With the growing demand from companies known as sustainability pioneers, there is increasing pressure

to become sustainability management experts from consultancies, financial service providers, non-profit, public institutions, and multinational companies (Busse et al., 2016; Hesselbarth & Schaltegger, 2014). In one sense, the concept is not so much what sustainability is but instead what it means to be unsustainable (Vos, 2007).

2.1.1 Corporate sustainability

According to Schultz and Block (2013), the 'sustainability in the business' phenomena first began to appear in the academic literature in the 1960s. That is when the organizational managers and owners realized that their decisions are involved with social and environmental issues, and if they do not adequately resolve or deal with those issues, that can adversely impact the company's long-term success (Schultz & Block, 2013). Therefore, managing responsibly has become an urgent matter in recent years. Responsible management has emerged to promote managerial practices that integrate sustainability, responsibility, and ethics (Montiel et al., 2019). Many large companies yearly release corporate sustainability (CS) reports describing their sustainability strategies and practices (Stewart & Niero, 2018).

According to Montiel & Delgado-Ceballos (2014), the CS concept first appeared in the general management literature in 1995. Over time, CS describes several definitions in management literature, and researchers claim that it is a complex concept. As per Székely and Knirsch (2005), CS can define as sustaining and expanding economic growth, shareholder value, prestige, corporate reputation, customer relationships, and the quality of products and services, as well as adopting and pursuing ethical business practices, creating sustainable jobs, building value for all the stakeholders and attending the needs of the underserved.

To achieve CS, companies should focus on critical success factors such as leadership and vision, flexibility to change, openness and stakeholder engagement (Székely & Knirsch, 2005). In a different perspective, CS of an organization can define as not using natural resources faster than its rates of renewal, recycling, or regeneration (Marshall & Brown, 2003)

As per Montiel and Delgado-Ceballos (2014), CS conceptualize using different theoretical approaches: Stakeholder Theory, Institutional Theory, Resource-Based View. Stakeholder theory claims managers should consider both shareholders' and stakeholders' interest when implementing new strategies since stakeholders directly influence the CS strategies (Harrison & Freeman, 1999). For example, Sharma and Henriques (2004) explain that stakeholder pressures can influence advanced environmental practices, and stakeholder integration is essential to achieve environmental CS. Based on institutional theory, institutional pressures are more critical when implementing CSR practices in multinational companies than stakeholders' strategic analysis (Husted & Allen, 2006). Hart extended the resource-based view (RBV) to the natural resource-based view (NRBV) to include the natural environment. The concept mainly states that pollution prevention, product stewardship and clean technology are related to the social and the environmental dimensions of CS (Hart, 1995; Hart & Dowell, 2010).

In summary, each theory helps advance and understand the different purposes of CS. The stakeholder theory can analyze CS drivers since it claims that the firm should focus on the stakeholders' interests. The institutional theory explains a company's legitimacy perspective, such as evolution, diffusion of institutionalization of the CS practices. RBV provides a better analysis of how the firm's capabilities and resources can advance the CS-related strategies (Montiel & Delgado-Ceballos, 2014).

Corporate reputation is not only depending on the products delivered by a firm. Rather than claiming high standards of quality, durability, or any other characteristic of operational outcomes, building a reputation with sustainability practices help to meet the stakeholder demands (Nunes & Park, 2017).

2.1.2 Corporate sustainability claims

There are numerous approaches to measure, monitor and weigh a company's progress towards sustainability, such as surveys, award schemes, sustainability indexes, benchmarking, external communication tools, standards and codes, sustainability indicators, sustainability performance metrics, investor's criteria (Székely & Knirsch, 2005). Sustainable performance is usually measured by evaluating three aspects of

sustainability: economic, social, and environmental performance. Even though some companies adequately report sustainable performances, society expects much more from sustainability reporting and asks for greater transparency and easier access to information on companies' social and ecological impacts (Székely & Knirsch, 2005).

To succeed, companies should become more "transparent," "open," and "accountable" to stakeholders on environmental and social as well as financial dimensions of performance. Establishing trust, promoting learning, and developing systems to produce knowledge are vital factors to prove the firm's accountability towards the stakeholders. Trust makes stakeholder relationships stronger and, through that, inspire loyalty. Corporate learning helps to promote transparency and inform about future improvements. Developing accurate, valuable, and credible indicators can produce knowledge about a firm's progress towards corporate sustainability (Livesey & Kearins, 2002).

Many companies have implemented various sustainability initiatives, ranging from green marketing to corporate social responsibility (CSR) programs, in response to businesses' social and environmental problems. These initiatives have increased options for more sustainable choices in the market, and it confuses the customers by the mixed messages and complexity of sustainability claims to understand the real impact of those initiatives on society and the environment (Park & Kim, 2016). Gnanaweera and Kunori (2018) state that some companies' sustainability reporting can define as "window-dressing". They do sustainability reporting due to stakeholders' pressure, and once the pressure fades away, the development and reporting of CS also likely to be faded.

2.2 False sustainability claims

Defining whether the company operations are sustainable is challenging and tricky, and most companies self-claim sustainability practices opposite to operational realities (Nunes & Park, 2017). In companies, products that make environmental claims are the fastest-growing segments of every product category (Schmidt, 2009). Therefore, in most cases, sustainable practices remain as words on paper, and there is a significant gap between corporate sustainable talk and practice. It is a significant issue since

positive corporate reputations generate through false corporate sustainability claims are linked to firms' various benefits. In that sense, though possibly "false" social and environmental reputations, companies may be profiting from non-deserved status and capturing unrealistic value which they do not deserve (Nunes & Park, 2017).

As per Nunes and Park (2017), media, promotional marketing activities and sustainability reports play a significant role in the self-claimed sustainable operations. Companies use the practical benefits of the media as a communication tool on sustainability. In earlier days, television ads, billboards, newspapers, and magazines were the only means of communication available to firms. Nevertheless, with the rapid change in social networks, companies' attention has drifted to a new direction to use social media to communicate sustainability practices. Many large companies maintain Twitter, Facebook, or YouTube channel to communicate sustainability issues and their efforts towards those issues. For example, many brands such as AT&T, Ford, Nike, Intel, GE, and Walmart use social media to sell sustainable change through entertainment and valuable information (Nunes & Park, 2017).

Beyond using the media, companies use promotional marketing to transmit messages about sustainability. Promotional marketing can define as 'positive claims about a product' (Nunes & Park, 2017). Since marketing focuses on making customers rather than sales, companies increase their attention on how all marketing efforts build and maintain customer relationships. Companies which are successful in sustainable promotional marketing activities are more like to receive a positive corporate image. However, compared to the nature of actual operations, these corporate communications may not be accurate. Promotional sustainability marketing and media channels can deliver wrong messages to consumers (Nunes & Park, 2017).

Sustainability reports can also identify as a powerful self-claimed sustainability tool, and those often seen as credible sources about how the companies manage social and environmental risks. A significant part of reporting literature proves that firms engage in sustainability reporting to secure their private interests and positions (Nunes & Park, 2017). From a reputational perspective, sustainable reports can use as a tool to build a positive corporate image. However, companies can cover companies' unethical behaviour with false information, creating a "false" positive corporate image, as

sustainable reports are prepared and approved by firms; themselves (Emeseh & Songi, 2014).

Most companies fail to give any real insight into what they are reporting on and why they are doing so. This often leads to misleading and vague statements. For that, companies should develop reporting practices (Gray, 2006). When it comes to sustainability reports, stakeholders deserve to know the truth of what companies are doing in their areas of operations. By implementing strict regulations on sustainability reporting, companies cannot obtain false reputational advantages within the context of voluntary CSR (Emeseh & Songi, 2014).

Various sustainability scandals are growing in the relevance of sustainability speech. Therefore, there is a logical possibility of creating "false" social and environmental reputations (Nunes & Park, 2017). Emeseh and Songi (2014) state that companies' sustainability reports may not always reflect the truth about their operations; some can be false, misleading, vague, and omissive. Even when those sustainability claims are false, there is no binding at national and transnational levels for holding companies accountable for these reports' contents because CS is voluntary and self-regulated.

However, companies should be liable for inaccurate statements, intentionally or unintentionally reported in companies' sustainability reports or other corporate promotional documents as a form of information regulation (Emeseh & Songi, 2014). Further, firms must validate those sustainability claims whenever sustainability analysis is conducted on a specific technology, products, or processes. However, most of those claims published on corporate reports or science and engineering publications are not validated accordingly (Sikdar, 2019).

Schmidt (2009) mention that 98 percent of 2219 green consumer products could not supply proof to verify environmental marketing claims, and they had made irrelevant or meaningless claims. Moreover, that makes it impossible for consumers to know whether their green purchases generate any environmental benefits (Schmidt, 2009).

2.2.1 Corporate greenwashing

According to De Jong et al. (2017), greenwashing can define as acting towards misleading consumers regarding the corporate environmental practices (firm-level greenwashing) or the environmental benefits of a product or service (product-level greenwashing). Therefore, greenwashing can introduce as the evil twin of CSR because being green carries benefits to companies. It shows superior environmental performances than its legitimate environmental behaviour (De Jong et al., 2017). Greenwashing has skyrocketed in recent years; more firms have combined poor environmental performance with positive communication about environmental performance (Delmas & Burbano, 2011).

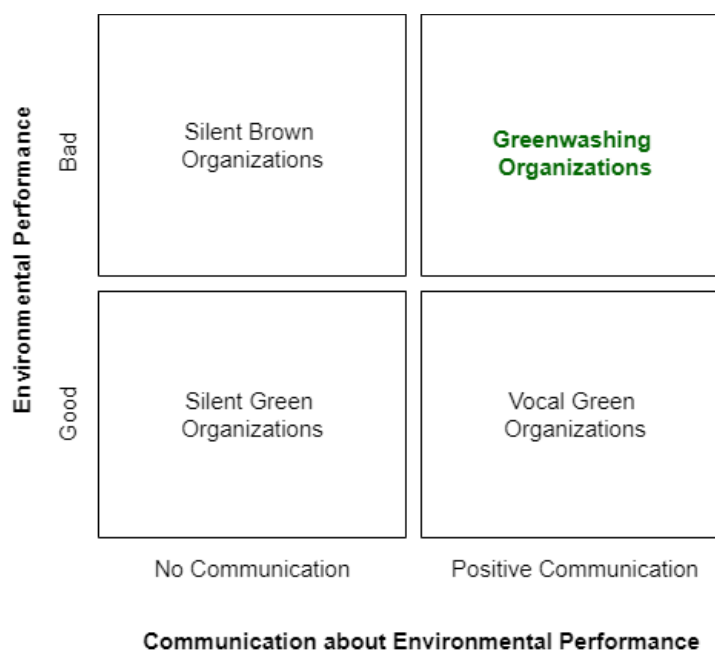


Figure 2: Typology of environmental strategies (inspired by Delmas & Burbano, 2011: 67)

As per Figure 2, Delmas and Burbano (2011) propose a typology of organizations with four cells based on two dimensions: environmental performance (distinguishing between "green" and "brown" organizations) and communication about environmental performance (distinguishing between "vocal" and "silent" organizations). Based on environmental performance: poor environmental performers called "brown" firms, and good environmental performers called "green" firms. Organizations that combine excellent environmental performance with positive communication about their

environmental performance called "vocal green organizations". Organizations that do not communicate about their excellent environmental performance called "silent green organizations". Organizations that combine poor environmental performance with positive communication about their green performance are "*greenwashing* organizations". The last group is "silent brown organizations", which have poor environmental performance and no communication about environmental performance (Delmas & Burbano, 2011).

However, De Jong et al. (2017) argue that an organization's environmental performance might not be good or bad in practice. Environmental performance often involves many aspects, and organizations might place it in different cells for different aspects. Greenwashing can describe under two features: an intrinsic feature (distance from truthfulness, between half-truths and lies) and a communicative feature (techniques used to mislead or confuse people). Regarding intrinsic features, examples of half-truths have different characteristics: only one or some of the behaviours are green, the green behaviours make no significant improvements, and the green behaviours merely compare with terrible earlier behaviours. Communicative features: unsubstantiated claims, cannot verify and use certification icons that are fake or questionable (De Jong et al., 2017).

Emeseh and Songi (2014) mention that lots of well-known companies involved in these unsustainable practices, or "greenwashing". However, the public and other stakeholder groups such as the media and the NGO communities can play a crucial role as watchdogs in these unsustainable practices. For instance, ASA upheld a public complaint against Toyota's advert that their Lexus RX 400 was perfect for today's climate, and it makes environmental and economic sense shattering truthfulness and environmental claims. Some countries tighten their advertising rules and guide sustainability communications to avoid corporate greenwashing (Emeseh & Songi, 2014).

As Delmas and Burbano (2011) argue, greenwashing regulation currently applies only to miscommunication about product or service environmental performance, and there are no regulations for miscommunicating about firms' environmental performances. However, it is challenging to promote regulations in practice because it is difficult to

measure and assess the degree of firm-level greenwashing. Nevertheless, as per Figure 2, there are two paths to decrease greenwashing: moving from greenwashing firms to vocal green firms and moving from greenwashing firms to silent brown firms. Managers, policymakers, and NGOs can give incentives to brown firms to stop communicating positively about environmental performance. Then firms encourage to improve the transparency of firm environmental performance by aligning intra-firm structures with those incentives (Delmas & Burbano, 2011).

Greenwashing can have adverse effects on consumer and investor confidence in green products and environmentally responsible firms. It will discourage the stakeholders who reward companies for environmentally friendly performance. Limited and imperfect information about firm environmental performance and unclear regulatory punishment for greenwashing promote greenwashing (Delmas & Burbano, 2011).

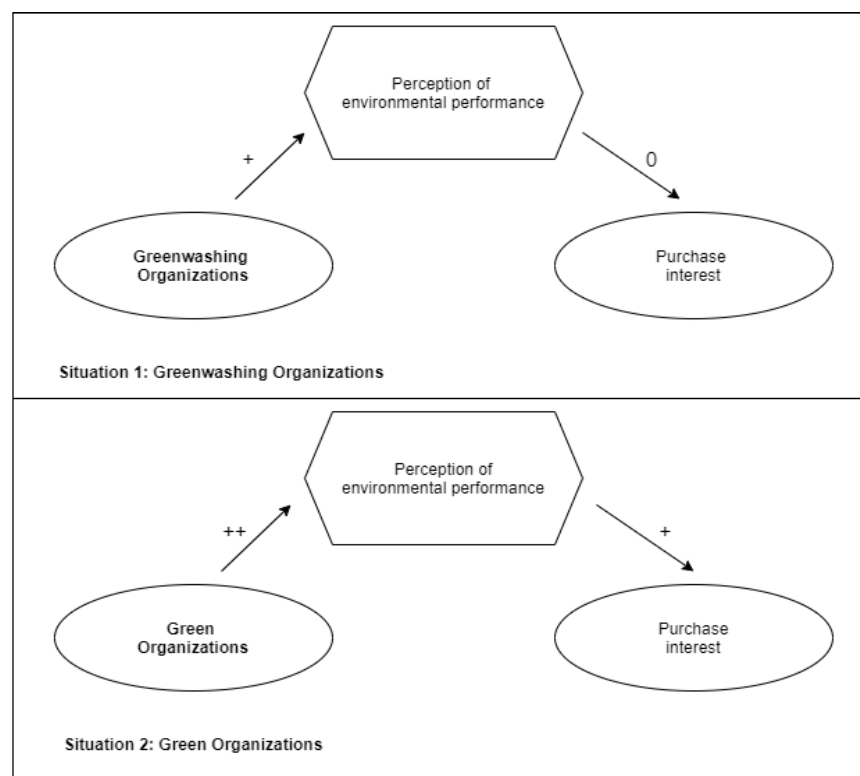


Figure 3: Effect of greenwashed communication on consumer purchase interest (inspired by De Jong et al., 2017: 101)

As per Figure 3, the benefit from greenwashing appears to be short term, and they do not increase the consumers' purchase interest. On the other hand, greenwashing warns

consumers' opinions of the communicative reliability of the organization. Therefore, greenwashing does not contribute to consumers' buying interests, so it is a useless and myopic strategy (De Jong et al., 2017).

Urbański and ul Haque (2020) state that consumers' trust and effectiveness are affected mainly by greenwashing products, and most of them are more likely to fall into the trap of identifying greenwashing products as sustainable. Therefore, Urbański and ul Haque (2020) suggest that purchase intent is not affected by greenwashing. More than the sustainable statements' vagueness, false labels substantially impact consumers' overall perception since false label products are trustworthy. Moreover, the study claims that younger customers have less trust and often believe greenwashing is problematic than older customers and older customer are more sensitive when greenwashing is drawn to their attention (Urbański & ul Haque, 2020).

2.3 Customership

Customers are a vital organizational stakeholder group that help establish the firm's reputation and identification. Understanding customer needs and wants and providing them with high-quality products or services are the key to success. A faithful relationship between a customer and a firm lasts mostly because of mutual expectations built on trust and faith (Ferrell, 2004).

2.3.1 Different types of customers

Based on the literature (Boertjens & Cornelius, 2017; Ferrell, 2004; Nguyen et al., 2018), different customer groups have various intentions and characteristics. Ferrell (2004) states that some customers may take a self-centred approach and look for the best value, service, and quality. While some customer groups engage in organized communication, building relationships and take actions related to ethical behaviours. Those consumer actions can further define as boycotts or abstaining from purchasing. For example, Nike, and many other popular contract manufacturers, has been boycotted by consumer groups concerned about child labour practices and working conditions in developing countries.

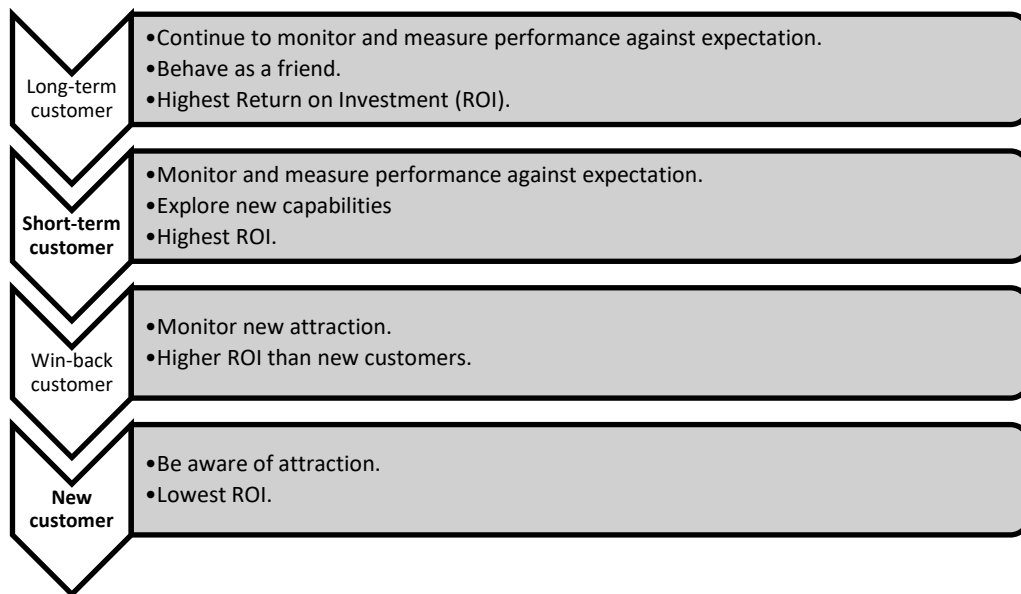


Figure 4: Relationship stages and customer types (adapted from Nguyen et al., 2018)

As Figure 4 illustrated based on Nguyen et al. (2018), four types of customers and the firm's focus and resource allocation vary from one to another. Long-term customers have had a longer relationship than the short-term customer, and it is more enduring. They are interested in maintaining and deepening the relationship based on trust and commitment. They are the most important customer group. Therefore, firms should utilize more personal knowledge and resources in this group. Short-term customers are those who have had some purchase experience before. This group can develop a relationship but do not intend to maintain it. Expectations of past purchases, shared interests and commitment serve as a baseline for future interactions. Short-term customers have insufficient knowledge and understanding (compared with long-term or even win-back customers). Projecting shared interests and frequently communicating with them can bring a fruitful relationship.

Win-back (lost) customers are former customers of the firm who have switched to competitors for various reasons. This type of customers can be satisfied or dissatisfied with the firm. If they are dissatisfied with the firm, they are most likely to establish relationships with competing firms and try to convince themselves that they made the right decision to switch. These lost customers are difficult to win back. Reasons for losing these customers can be failures or misunderstandings. To revive them requires a high level of problem-solving skills, emotional intelligence, and empathic ability.

New customers define customers who have had no prior relationship with the firm and are in the relationship's exploration stage. Professional appearance and attributes can positively affect relationship quality. From a managerial perspective, firms should develop, maintain, or revive buyer-seller relationships accordingly for firms' long-term survival (Nguyen et al., 2018).

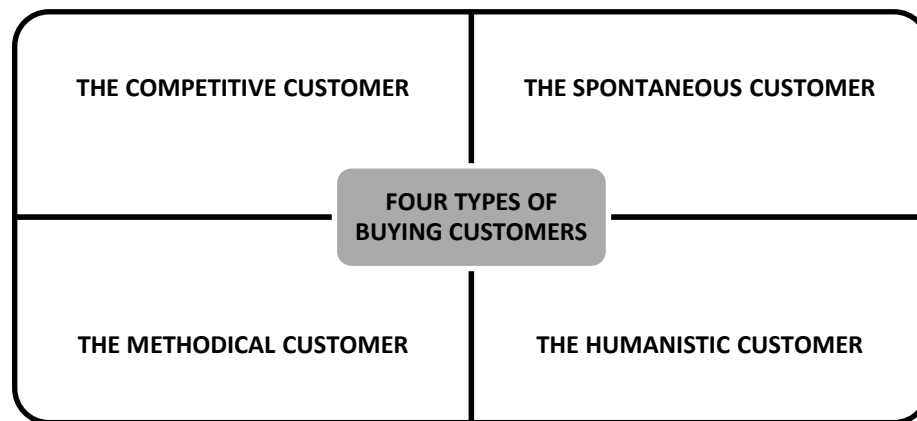


Figure 5: The four types of buying customers (adapted from Boertjens & Cornelius, 2017)

According to Figure 5, based on Boertjens and Cornelius (2017), There are four types of buying customers, and by placing the target audience in the right category, firms can be successful. Competitive customers live their lives according to high standards and impose on other people. They see product or service as something that can help them reach their next goal, and they like to engage with big players. Spontaneous customers are adventurous, impulsive, and susceptible to so-called 'impulse buying'. They love quick shopping than making decisions. These customers will be more inclined to buy or use a service if available at a special price and for a short time. Methodical customers are planners who like to see things organized and structured. They do their research, carefully evaluate every little detail, and overthink every decision. To convince them, firms need a detailed structure. Humanistic customers need to see the face behind a business, and they need to feel they made the right decision. For that, firms need to be accurate, ethical, and genuine (Boertjens & Cornelius, 2017).

Generally, concerning relationship stages, long customers and concerning buying customers, humanistic customers are the customer groups that mainly pay attention to corporate sustainability when choosing a company and brand and who retain within a company for a long time (Nguyen et al., 2018; Boertjens & Cornelius, 2017).

2.3.2 Phases of the customer life cycle.

According to Business Wire (2014), it is more expensive to acquire a new customer than retain an existing one. Building an effective customer lifecycle management (CLM) process can help companies drive the right sales behaviours, monitor vital metrics, and support customer success to boost customer retention and long-term business in a rapidly changing economy.

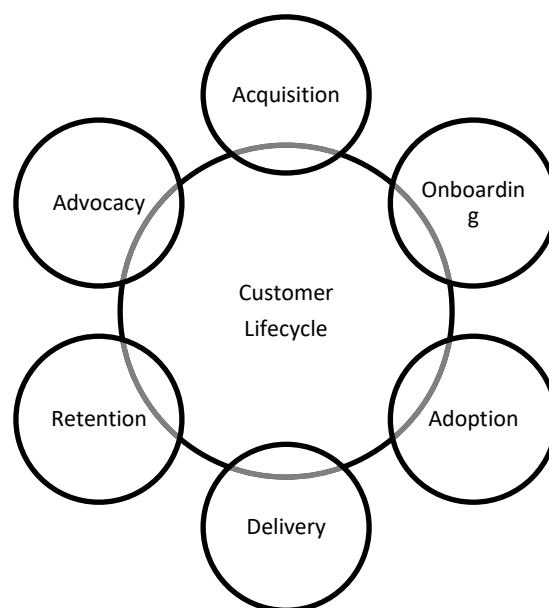


Figure 6: Different phases of the customer life cycle (adapted from Business Wire, 2014)

According to Figure 6, which illustrated based on the eBook and corresponding blueprint for CLM, Business Wire (2014) claims different CLM stages where companies engage with the customers. Those stages are Acquisition, Onboarding, Adoption, Delivery, Retention, Advocacy. The acquisition ensures if the customer expectations and requirements for products and services are compatible. Onboarding ensures business commitments and manages exceptions during critical milestones such as provisioning, configuration, and integration. Adoption tracks individual user

adoption and provides automated nurturing to ensure that training, feature discovery, and best practices occur. The delivery stage consistently monitors and analyze end-user and customer usage to engage based on customer needs proactively. Retention leverages predictive analytics to identify customers most at risk of churn and quickly intervene to retain them. Advocacy nurture customers to become advocates in the community and fuel further growth (Business Wire, 2014).

2.4 Customer retention

Customer retention has been an important topic since the mid-1990s (Ang & Buttle, 2006). The sole purpose of a business is creating a customer and keep them within the company. Customers are equivalent to products since they have a life cycle that companies can attempt to manage. After acquiring and retaining the customers, they can help grow its value like a ladder or a staircase. In that way, companies can make the first-time customer (new customer) into a long-term customer or business partner (see Figure 4). It is crucial to have proper tactics to manage customer retention, customer retention planning (Ang & Buttle, 2006).

The customer retention planning process and the complaints-handling process generate excellent customer retention outcomes. In the customer-retention planning process, companies should focus on market-oriented strategic planning (Ang & Buttle, 2006). Many companies spend most of their time and resources chasing new business to acquire new customers. However, customer retention is more important than customer acquisition. Therefore, companies should focus on keeping customers and enhancing customer relationship (Weinstein, 2002). Nonetheless, companies should identify the right customers since they contribute most significantly to achieving their objectives. Right customers have the highest residual lifetime value (Ang & Buttle, 2006).

In the complaints-handling process, customers who complain and, after solving the issue, well recovered, are more convinced and less likely to switch to another company and products than the customers who had no cause for complaint. Companies can fix the customer's problem and retain the customer's current and future business when a customer complains. Further, a well-designed complaint handling process allows management to collect and analyse complaints data over time, identify systemic and

repetitive problems, and fix root causes, whether they be problems caused by a product, people, process or anything else. High standards of complaints handling experience influence the high probability of customer retention (Ang & Buttle, 2006).

Further, several other factors influence customer retention rather than price or other incentives (Stahl et al., 2012). Singh (2006) mention that to gain customer retention, having a satisfied customer is not enough; they must be delighted. Lewis (2004) states that loyalty programs encourage customers in repeat buying and improve retention rates by providing incentives to purchase more frequently and in larger volumes. That is one possible way to enhance customer retention (Lewis, 2004).

2.4.1 Drivers and the importance of customer retention

Understanding customer retention's complexity is essential to understand customer behaviour's evaluations, attitudes, and intentions. Also, it is essential to understand customer retention drivers: trust, transparency, customer satisfaction commitment and being ethical (Gustafsson et al., 2005).

Trust also plays a vital role in customer retention. Trust and transparency influence the customers' purchase intention and retention by upholding the relationship with the company. It enhances the social bonds such as likeness, acceptance, friendship and social interactivity between the firm and the customer. Thus, those social bonds encourage customers to maintain a strong relationship with the firm (Gounaris, 2005).

According to Haverila and Haverila (2018), customer satisfaction can define as a customer's pleasure or displeasure, resulting from comparing a product's apparent performance or outcome against his/her expectations. This satisfaction has a strong positive effect on customer loyalty intentions in all the company's goods and services (Gustafsson et al., 2005). It also influences the repurchasing and recommending, and it helps create significant differences in the satisfaction-retention relationship across customer characteristics. Therefore, customer satisfaction can significantly affect customer retention that varies across customers (Gustafsson et al., 2005).

Relationship commitment is another potential driver of customer retention. This 'commitment' can define a desire to maintain a relationship, a pledge of continuity between parties and the sacrifice or potential for sacrifice if a relationship ends (Gustafsson et al., 2005). It creates a stickiness that keeps customers devoted to a brand or company even when they are not satisfied. It positively influences relationship maintenance (retention) and relationship development. A significant conceptual difference between customer satisfaction and commitment is that satisfaction is more likely looking backwards and performance to date, whereas the commitment is more forward-looking to capture the strength of the relationship to proceed forward (Gustafsson et al., 2005).

Based on the literature (Haverila & Haverila, 2018; Ferrell, 2004), customers are the key players in a firm because they provide financial resources, loyalty, and enhanced reputation to help create positive firm images related to ethics and responsibility. Moreover, satisfied customers vastly influence the performance factors such as repurchase intent and positive word-of-mouth. Creating a more dedicated customer base is essential to retain them (Ferrell, 2004; van Doorn et al., 2017).

Customer retention can fluctuate between different industries and firms, yielding several economic benefits, such as cutting the discounted offers to acquire new customers. It can be more expensive to win a customer than to retain a customer (Ang & Buttle, 2006). Customer retention can generate profits for the company. Customer retention strategies' profitability can be determined by usage segmentation, industry retention rates, and creating and measuring long-term customer value. Companies equipped with these measures can satisfy only specific customers, and they go beyond to make them happy. Therefore, developing a profitable customer retention strategy should be the top priority for managers to compete successfully in today's corporate world (Weinstein, 2002). Thus, corporate sustainability practices can add incomparable value to build customer retention rates (Ferrell, 2004).

However, according to Ferrell (2004), extreme competition sometimes causes unethical behavior even though customer retention is in play. False and misleading advertising is gradually becoming a vital issue in organizational communications. Misuses in advertising can range from overstated claims and concealed facts to utter

lies. Most of the responsible customers are informed and evaluate the ethical practices of companies before making purchasing decisions. They are aware of the importance of environmental issues and other responsibility issues that impact products' purchasing and consumption (Ferrell, 2004).

2.4.2 Relationship between corporate sustainability and customer retention

Over the past decades, the importance of a sustainable environment drawn attention and therefore, customers favour companies that implement and practice environmental sustainability and seek eco-friendly goods and services (Chen, 2015). CS has a positive effect on customer attitude and customer retention (van Doorn et al., 2017). Engaging in CS can reinforce company success through improved customer attitude and retention. Customers of successful companies have high retention rates. Thus, intense advertising of CS practices creates awareness and familiarity with the brand and the company (van Doorn et al., 2017).

It is commonly recognized that there is a positive relationship between CS and profitability (Singh, 2006). Grewatsch and Kleindienst (2015) argue that there is a solid positive relationship between corporate sustainability and corporate financial performance (CFP). For that, stakeholders play a vital role since customers are critical organizational stakeholder categories (Ferrell, 2004). Therefore, for a positive CFP performance, customer retention is essential. The firm's commitment to sustainability influences the degree of confidence and loyalty that stakeholders have. Stakeholders more appreciate the development of new sustainability-oriented products. The firm's CS orientation should communicate more transparently through its products.

However, it is harder for some stakeholders to evaluate the firm's CS performance information; therefore, they perceive non-product-related CS activities (Grewatsch & Kleindienst, 2015). Good stakeholder relationships are a source of competitive advantage. Strong CS performance gains legitimacy and reward in the stakeholders' eyes. For example, Chen (2015) state that in the lodging industry, green movements (eco-friendly, environmentally responsible or environment friendly) and environmental efforts (such as reducing energy, utilizing water consumption and emission controls) have enhanced the images of many hotels and reduced certain

amount of their operational costs. This overall image of a company impacts consumer purchase behaviour and customer retention (Chen, 2015).

Customers can retain within the business due to various reason. Nevertheless, to make them say positive things about the service, they need to have display true loyalty and a strong emotional attachment. This strong emotional attachment mainly arises as a response to trust (Ranaweera & Prabhu, 2003). Ankit and Mayur (2013) state that the consumer attitude toward green advertising significantly influences consumer purchase intention of green products. For that, the message should be specific, trustful, and sincere. However, green advertising should be associated with a clear, transparent, and understandable environmental claim through which the firms will grab the consumer's attention, and then the consumers will have to perform the purchasing behaviour under the firm's control (Ankit & Mayur, 2013). For example, Park and Kim (2016) claim that sustainable fashion brands make a proactive approach to sustainability, and it can develop more vital brand trust within the customers. It suggests that sustainable fashion brands should provide credible proof of their sustainability claims from a managerial perspective. Hence, these sustainable brands can enhance and develop effective methods to communicate their environmental claims to customers to retain them within the company (Park & Kim, 2016).

2.5 Theoretical framework

This subchapter aims to condense the main characteristics of the studied phenomenon as one framework (Figure 7). The framework is used in the empirical part of the study to analyse the empirical data. The next chapter illuminates the research approach of this study in a systematic method where the researcher continuously moves from theory to empirical research. The theoretical framework is only the premise of the research process. Accordingly, the research questions have been the base for forming the framework; thus, the framework is discussed following the logic of thematic literature review (chapter 2) and empirical analysis (chapter 4).

The theoretical framework built on the pre-determined themes, and after conducting the empirical study, some sub-concepts such as typology of environmental strategies

and different types of customer groups are identified as important concepts to expand the understanding of the research question apart from the main themes.

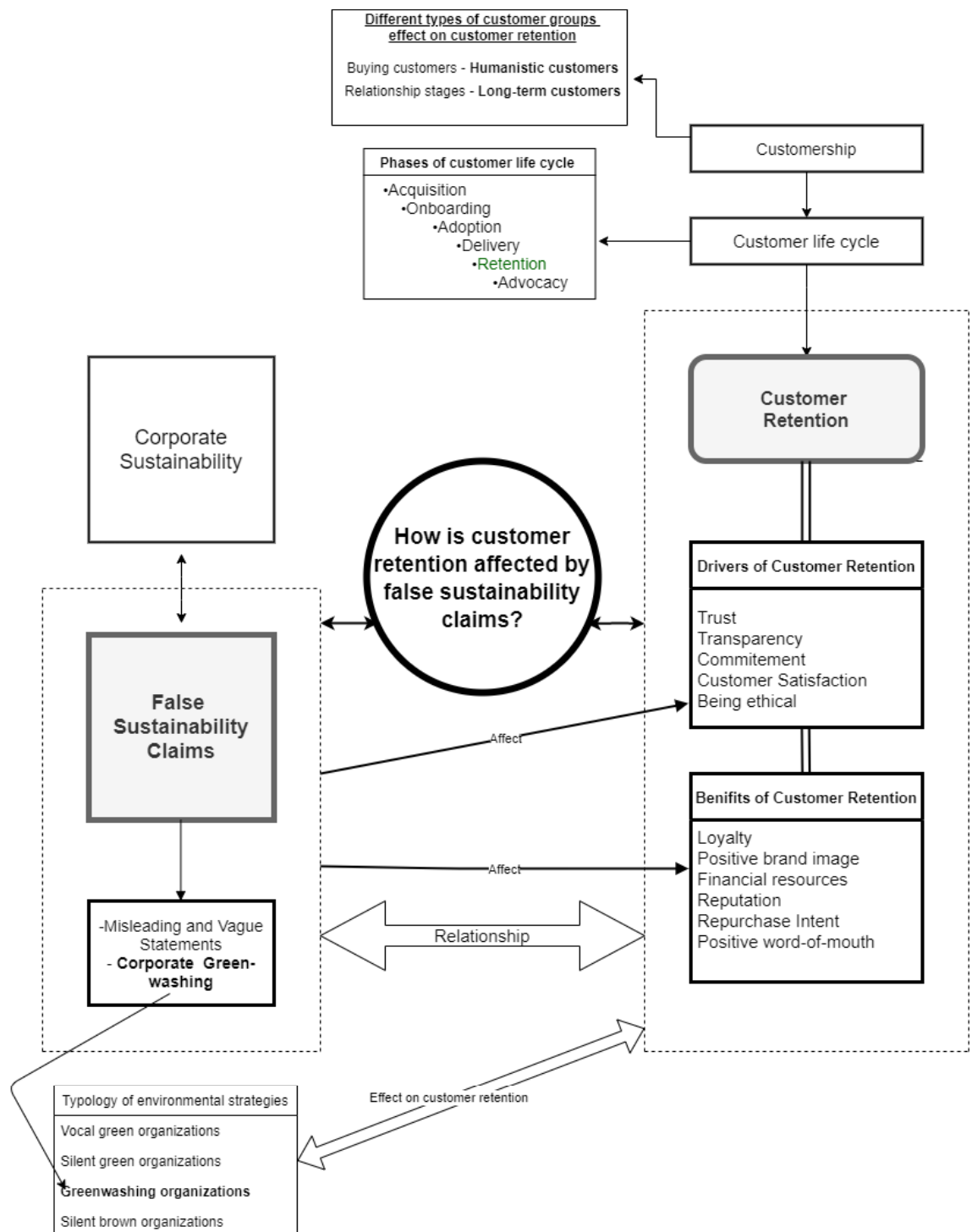


Figure 7: Theoretical framework

3 METHODOLOGY

This chapter discusses the research methodology selected after meticulous deliberation on the objective of this study to examine the effect of false sustainability claims on customer retention. Methodological considerations, data collection methods, and data analyzing methods are explained to understand the selected research method.

3.1 Research method

3.1.1 Methodological considerations

This research aims to understand the research problem "*How is customer retention affected by false sustainability claims?*". Therefore, the study is conducted by using a qualitative research method. On the contrary to quantitative research, which aims to provide statistically comparable results, qualitative research provides an in-depth understanding of a phenomenon, concept, or behaviour (Jackson et al., 2007). It extracts the meaning associated with the studied subject through "why" and "how" questions and focuses on provoking people's stories (Grossoehme, 2014; Vanclay, 1991).

Qualitative methods are helpful for explorative studies and aim at theory development (Ghauri and Gronhaug, 2002). It aims to discover facts through observation rather than verifying existing statements (Stake, 1995). According to Marschan-Piekkari and Welch (2004), a qualitative research approach provides an exploratory analysis, and through that, it helps to conceptualize and give a holistic view of the research problem. Further, it provides the leverage to choose the tool best suited to collect data and encourages consideration of the apparent behaviours determined during data collection (Marschan-Piekkari & Welch, 2004).

The data collection in qualitative research can be done in six ways; company documentation, direct observations, company archives, interviews, participant observation and physical artefacts (Yin, 2003). In the qualitative research method, interviews remain the most utilized tool for data collection since they provide the

researcher in-depth knowledge to generate concrete results through analysis (Eriksson & Kovalainen, 2004; Holstien & Gubrium, 2004).

In this research, the main goal is not to test the described theories but rather to examine the phenomenon effect of the false sustainability claims on customer retention in the selected context, in which the existing theories have an enabling and supportive role. A thematic literature review was carried out using academic journals, books and other databases provided by the University of Oulu library, "Oula-Finna", and Google Scholar. The empirical data of this study is collected via in-depth interviews with owners or the management level employees of Finnish companies that value corporate sustainability and customer relationship management and have extensive professional experience of the subject.

3.1.2 In-depth interviews as a data collection method

According to Morris (2015), in the late 1930s, the in-depth interview started gaining recognition as an acceptable method in qualitative research and the contemporary period; this is the most used qualitative method. The semi-structured in-depth interview is usually a relaxed, open, and honest discussion about a topic of mutual interest between two individuals (Mason, 2002). Semi-structured interviews are interviews based on a plan or interview guide to cover key topics and questions and allow follow-up points (Gill et al., 2008). This interviewing method involves a researcher asking questions and following up on the interviewee's responses through sub-questions to extract as much information as possible. Generally, the interviewee has expertise on the subject the interviewer is interested in.

The in-depth interview should be a flexible and free-flowing interaction in which the interviewer allows the interviewee the freedom to express the details and emotions while ensuring to direct the conversation to convey relevant information (Deterding & Waters, 2021; Morris, 2015). Interviews are probing by the interviewer, and the interviewees are asked to elaborate or explain an answer to obtain clarity and detail on a particular topic (Morris, 2015). Therefore, an in-depth interview is a flexible and versatile method to explore the perceptions and understandings of an expert with a personal stake or direct experience of the research question or topic (Wheeler, 2021).

Further, the author has used the method suggested by Lucas (2012); avoided directly asking the research question from interviewees and instead probed it through different support questions. Compared to the survey interviews, the interviewer tailored each interviewee's question based on the answers when it comes to in-depth interviews. Survey interviewing may affect the interviewee's responses because most of the time interviewer co-construct the context (Lucas, 2012).

As per Morris (2015), the strengths of the in-depth interviewing technique can identify as it allows to access rich personal data, gives the ability to understand the interviewee's context and motivation, allows to probe the responses to clarify the complexity, and allows to examine the body language. As for weaknesses, this method may take a significant amount of time and effort to set up the interviews and transcribe them later into written format (Morris, 2015). In-depth interviews are also suitable to explore the sensitive issue to assure confidentiality and trustworthiness between the interviewer and the interviewee (Wheeler, 2021). Since this study aims at sensitive issues in corporate sustainability and customer relationship management, the researcher's selection of using in-depth interviews as the data collection method is justified. Further, this research only focuses on the company perspective on the subject; hence, customer perception towards the subject has not been considered.

3.1.3 Interviewee selection

The critical phase of the in-depth interviewing process is the interviewee selection. According to Lucas (2012), several methods can use when selecting interviewees. Census-taking; select the entire population, probability sampling; select respondents from the entire population using a process independent of social world lumpiness or non-probability sampling; recruit respondents based on the subjective judgement with social world lumpiness (Lucas, 2012).

In this research, the researcher has used the non-probability sampling technique. In non-probability sampling, there are different types. Snowball sampling: recruit and interview volunteers and afterwards asking for referrals to other potential respondents with specific characteristics, purposive sampling; researcher selects the most productive sample to answer the research question and theoretical sampling;

interviewers build theories during data collection and selecting new respondents to interrogate emerging theoretical positions (Lucas, 2012). This study has used the purposive sampling technique, which allowed the researcher to answer the research question since the study needs specific knowledge regarding the subject. Since the research aim to examine the organizational perspective on the subject purposive sampling technique justify the suitability.

In order to collect relevant information and data for analysis of the research questions, interviewees who have some direct experience of and personal stake in the topic have been deliberately selected and identified through online databases and personal networks. All the interviewees work and based in Finland. Interviewees identified through personal network reached through emails, and LinkedIn was used to reach the other interviewees. Then a discussion and explanation carried out on the research topic before the interview.

Interviewees work in organizations that practice corporate sustainability, and on a professional level, everyone is updated and has comprehensive knowledge and extensive professional experience of the subject. Most of them hold multi titles in different Finnish companies. The interviewees represent organizations from different industries of different sizes and possess varying corporate sustainability roles. The relatively low number of participating interviewees are justified, as the main emphasis is on generating in-depth, meaningful data. Qualitative methods are generally linked with a limited number of samples, and they often examine the phenomenon in question from various perspectives and angles (Ghauri & Grønhaug 2005).

3.1.4 Conducting the interviews

Due to the current pandemic situation and national restrictions, eight interviews were carried out through Zoom in April 2021. Excluding one interviewee, all interviewed company representatives received the questions before the interviews, and all interviewees received the necessary and relevant information regarding the research and the interviews beforehand. All interviews were recorded (seven videos and one audio) and later transcribed, and additional notes were also taken. Video interviews allowed the researcher to understand the emotions and expressions of the interviewees

throughout the process. The whole interview process was done within 37 days, and the interviews were conducted in English. The themes and the questions remained the same for every interviewee. The structure of the interviews was drafted and planned according to the theoretical framework so that they were related to the research questions (Appendix 1). The purpose of the interviews was to allow interviewees to talk openly about the phenomenon. Therefore, at the beginning of each theme, short definitions (according to the literature review) were provided to ensure that both the interviewer and the interviewee talked about the same concepts. However, some questions have already been answered in some interviews before asking them; thus, they were not asked again. Also, questions were asked in a different order in some situations.

The interviewees include representatives from large enterprises (1,3,5), medium-sized enterprises (4), small enterprises (2,6,7) and Microenterprises (8). All interviews are listed in Table 1.

Table 1: Conducted interviews

Interviewee	Type of organization	Title/Position	Gender	Length	Date
1.	International Science University	Business development specialist	Female	60min	12.04.2021
2.	Business Consulting company	CEO and a business influencer	Female	57min	13.04.2021
3.	Medical device company	Sales and Development Manager	Female	72min	13.04.2021
4.	Textile company	CEO	Male	75min	14.04.2021

5.	Engineering, consulting, and design company	Environmental Consultant	Male	63min	21.04.2021
6.	Sports equipment manufacturing company	Sustainability Specialist	Female	62min	22.04.2021
7.	Sustainable packaging company	Co-founder and CFO	Male	60min	26.04.2021
8.	Sustainable clothing company	CEO	Female	65min	27.04.2021

3.2 Data analysis method

There are three distinctive methodological approaches to conduct the logical reasoning of philosophy of science: inductive, deductive, and abductive (Bryman & Bell, 2007; Graneheim et al., 2017). During the inductive approach, the researcher looks for similarities and differences in the data categorize them into different themes with various levels of interpretation. This approach data-driven, and it aims to build the theoretical understanding through data. The deductive approach is concept-driven; the researcher focuses on understanding the existing theory against the collected data. In this method, the researcher moves from theory to data to understand the research phenomena. The abductive method is the combination of both inductive and deductive methods. To get a complete understanding of the research phenomena, the researcher moves back and forth between theory and data (Bryman & Bell, 2007; Graneheim et al., 2017). Since there are risks involved in abductive and inductive approaches, this study has carried out with an abductive approach.

After accumulating empirical data, the data had to be organized and analyzed logically. As the first step, all interviews were carefully transcribed into a written form from

digital format. Morris (2015) mention that transcribing is an essential part of the research process because accuracy is required for analyzing the interview data, and in most instances, it is preferable to quote the exact words of the interviewees. Interviews included irrelevant filling words, and they were left out in the transcription phase. Then gathered data were first examined and read through several times to get a wholesome view of the phenomenon. Then gathered information was analyzed through content analysis. Content analysis is a form of analysis that counts and reports the frequency of concepts, words, and behaviours held within the data and develop codes based on different themes (Chi 1997; Vaismorad et al., 2013). The content analysis process of verbal data contains several steps: reducing the data, segmenting them into units, categorizing the units, describing the coded data, seeking patterns in the data, and interpreting them (Chi 1997). When categorizing the data, three main themes; false sustainability claims, customer retention, corporate sustainability, customer retention, and four sub-themes; sustainability, corporate sustainability, corporate greenwashing, and customership, are used as the codes.

In the analysis process, the computer assistant program QSR NVivo (Release 1.4.1) was used to help the researcher dealing with the enormous information flow. Richards (1999) states that NVivo provides new choices for management and data analysis in qualitative research. Through NVivo, first, a mind map was developed based on the themes and questions (Appendix 1). Then the mind map was analyzed whether the data discusses the themes embedded in the framework. Same themes were found, and some new concepts under sub-themes; typology of environmental strategies, different types of customer groups affect customer retention, and corporate sustainability was also highlighted during the analysis based on the data. These new themes were not presented in the literature review in the beginning. This can be seen when the empirical part of the analysis and theory was taken turns. According to the empirical data, new concepts and data were added to the literature review and theoretical framework (Figure 7Figure 11). Based on the results, codes were created, and data was transmitted carefully to the relevant codes. Finally, after the analysis, the researcher adopted the theoretical framework with empirical findings and eventually developed conclusions and answered the research questions.

4 FINDINGS AND DISCUSSION

In this chapter, findings from the empirical research are presented and discussed with the theory presented in the literature review. The structure of this chapter is aligned with the elements of the theoretical framework and the interviews. It makes that it is logical to follow the findings while reflecting on the theory. Direct citations of the interviewees are used to justify the reliability and validity of the findings.

4.1 Introduction to the interviewees and the company background

In this section, a brief introduction has given to the professional background and the company background of the interviewees. LinkedIn profiles, Interview data, and the companies' official websites have been used as sources of information. All the interviewees are expertise in sustainability and customer relationship management. Therefore, empirical study has conducted both from the company perspective and the interviewee's perspective. Since the subject of the thesis is a sensitive topic, interviewees' personal experience as sustainable consumer has been considered. However, overall, this study is mainly focusing on the company perspective on the subject.

Interviewee 1:

Interviewee 1 is a business designer, coach, and a mentor with professional background in international marketing and digital marketing communication. The interviewee has more than 15 years of experience working with start-ups, B2B and B2C companies. Currently, she is an entrepreneur and working in an International Science University in Finland as a business development specialist. Throughout the data collection process, the researcher has focused on the International Science University. Sustainability is part of organizational values. Sustainability has included in the studies as advanced courses to educate the students at the university. When it comes to sustainability measures, organization focus on electricity and waste management and consumption. Organization's official website claim that it is a strong influencer in sustainable economic growth and innovation in the educational sector.

Interviewee 2:

Interviewee 2 is an entrepreneur and a business influencer. She has a strong background of over 20 years of sales and marketing experience, including 15 years of experience in the event industry. She is a founder of a business consulting company based in Finland, and the researcher has focused on the company throughout the data collection process. The organization is a multi-platform for business makers, influencers, and directors to achieve professional goals. Sustainability is part of the organizational values, and it believes in long-term relationships with the clients. Further, it focuses on energy consumption and enrolls in different CSR projects in developing countries.

Interviewee 3:

Interviewee 3 is a Sales and Development manager in a medical device company for 11 years. She is responsible for few product portfolios of the company. The company is a multinational corporation that develops medical devices, pharmaceuticals, and consumer packaged goods. The company have a formal sustainability program, commitment to sustainable development goals (SDG), annual sustainability goals and reporting system. Further, it sets high standards for environmental responsibility and aims to reduce the environmental impact. The company's main sustainable goals are to help people be healthier by providing better access and care in more places worldwide and work healthier by using fewer resources.

Interviewee 4:

Interviewee 4 is a CEO and founder of a Finnish textile company that manufactures workwear solutions for construction, logistics and heavy industry. He is also the sales director and partner of his family business, which focuses on providing smart solutions supply workwear to different organizations. Throughout the data collection process, this study has focused on the textile company. Sustainability is part of the organizational values, and the company is in the phase of creating a formal sustainability program. The company mainly aims at using sustainable material and

recycling the garments afterwards. End of 2021, the company's goal is to introduce the first workwear collection with the recycled materials.

Interviewee 5:

Interviewee 5 is a geology graduate from a reputable University in Finland. Currently, he is working as an environmental consultant in an engineering services company in Finland. The company is a European leader in engineering, design, and advisory services. Sustainability is part of the business strategy; the company focus on connecting technologies to create sustainable solutions to balance social, environmental, and financial interests. The company has supported low carbon emission, clean energy power and energy efficiency. Further, the company use Sustainable Business Performance Indicators (SBPI) to measure Sustainability.

Interviewee 6:

Interviewee 6 is a sustainability specialist in a sports equipment manufacturing company. Alongside, she is pursuing her master's degree in Circular Economy at a reputable University in Finland. Her professional goal is to help various businesses align their processes in an environmental and socially responsibly profitable way. Growth, creativity, and sustainability are the core values of the company. The company speaks to the world through the products, actions, and collaborations—further, the company contributing to the causes of sustainability, youth development and supporting charity programs.

Interviewee 7:

Interviewee 7 is a circular economy expert and consultant focusing on implementing circular economy into functioning business models. He is a master graduate in Chemical Engineering from a reputable university in Finland and currently the CFO and a co-founder of a sustainable packaging company based in Finland. The company offers new reusable packaging solutions for takeaway packaging waste based on an innovative service model. Clients are mainly the restaurants and grocery stores, and after using, containers can be dropped at any service point location for circulation.

When it comes to the phase where those containers cannot use anymore, they can be recycled.

Interviewee 8:

Interviewee 8 is an entrepreneur and an artist based in Finland. Her slogan is "upcycling affects the universe of uniqueness". She is a founder of a sustainable design clothing business. All the products are upcycled and eco-friendly. The business outsourced some of the manufacturing activities to developing countries to support single mothers. Since the company is still in an early stage, a formal sustainability program not yet implemented.

4.2 Corporate sustainability

This chapter analyses the importance of corporate sustainability and sustainability claims from the perspective of the interviewees. These concepts have discussed in the literature review of this study. Therefore, this chapter aims to understand the importance of corporate sustainability and claims to set the groundwork for the next chapter, which discusses false sustainability claims.

Schultz and Block (2013) mentioned, organizational managers and owners, have realized that it will adversely impact its long-term success if they do not consider 'sustainability in business'. Proving this statement, all the interviewees agreed that corporate sustainability is essential for the company's long-term success. The way interviewees defined and viewed sustainability was different from organization to organization. Nevertheless, they all believed that being ethical and sustainable help their business to be successful for a long time.

"(...) previously, these matters actually did not come up too often before. To be completely honest, I did not really put a lot of thought into these things. But then, since last January, we started getting from our bigger customers questions about how we take sustainability into account in our business. And now, for the last six months, we have been doing a lot of things to go into a more sustainable direction." (Interviewee 4)

"I think most of the clients value it. If you do things sustainably, then it is beneficial, of course, I think it gives them a good image of your company and your work, and that is where you can make sure that they want to order products from the company again. (..) If a client needs something to be done and different companies submit their proposals for it, then, companies that have previously worked sustainably have a better chance of getting the certain project." (Interviewee 5)

Those statements prove what Harrison and Freeman (1999) and Sharma and Henriques (2004) mentioned in their studies that stakeholder pressures directly influence corporate sustainability strategies. Also, Montiel et al. (2019) claimed, managing responsibly has become an urgent matter in recent years. Therefore, stakeholder integration is essential to achieve corporate sustainability. Based on the interviews, sustainability is the core value of every organizational strategy. Due to their beneficial impact on the company's success, companies focus more on enhancing sustainability efforts. Nunes and Park (2017) argued that corporate sustainability depends not only on the products delivered by a firm. Some interviewees demonstrated these statements of previous literature. In some companies, their products are not environmentally friendly, but they have different sustainability programs to be ethical in the business.

"I think in general; sustainability is very fuzzy definition, and many companies use it to mean different things. So, for some people, it means some green products (..), but for some people, it means something more. For example, in our case, we do not produce an environmentally friendly product. (..) we use plastic, but what we aim to do, since sustainability is part of our values is, to help those who work for sustainability. For example, we do cooperate with B2B or charities that related to our field, but also those who actually have a plan and know how to make a small action or a bigger action towards sustainability." (Interviewee 6)

Therefore, building a reputation with sustainability can achieve through even without manufacturing sustainable products. Every product cannot be sustainable. Some essential products need to be manufacture with plastic or other materials which are not eco-friendly. However, what important is equally involved in the sustainability effort to minimize the company's carbon footprint. It is vital to measure corporate sustainability to keep the stakeholders and retain them within the company. Székely and Knirsch (2005) mentioned various approaches to measure a company's progress towards sustainability. Most of the interviewees' companies have a formal sustainability program and measures to indicate the success of the sustainability

efforts, while in other companies' sustainability is part of their values. Even though they do not have a formal sustainability program, they measure sustainability in various ways to indicate success. They are mainly small enterprises and microenterprises.

"Well, I think we are built around sustainability from our basis. It is a new business model. So, there are lots of things to consider in this term, (...) we are trying to push forward to seek the best available solutions for the packaging and deficits scheme altogether. So, I would say yes, it might not be formalized, but it is something that we take into account at every step." (Interviewee 7)

When it comes to the business values generate through sustainability, all the interviewees mentioned different values they gain through their sustainability efforts. Moreover, they agreed that corporate sustainability helps them to stand among the competitors. According to interviewees, corporate sustainability is essential to create business values such as building long-term relationships with the clients (Interviewee 2), to attract more prominent clients when operating in B2B sales (Interviewee 4), enhance the corporate image (Interviewee 5), to stand out among the competitors (Interviewee 1), to overcome the barriers and boundaries in business (Interviewee 7) and to attract new business partners (Interviewee 8).

Livesey and Kearins (2002) mentioned that establishing trust is the most vital factor to achieve those business values. Most of the interviewees' opinion was developing accurate and credible indicators can build trust towards the firm's progress in corporate sustainability. Rather than thinking corporate sustainability is the life saviour of the business, it is essential to consider it a responsibility to save what we have for future generations.

"(...) we are a manufacturer, we need to think about these things in the long run, so that we have still mother earth to cover us in the future." (Interviewee 3)

"I think not every company needs to be 100% sustainable; even a small change is enough. If it is real, you are actually trying to do something, and it is already like a part of sustainability." (Interviewee 6)

"I would say as a person having passion about being eco-friendly and ecological products; I am happy to see I am getting more and more competitors. Because it is not just my business, it is my passion. (...) I do not think it can get

anything away from me. And it is actually giving more to my environment, and I am actually happy about it." (Interviewee 8)

However, Park and Kim (2016) statements and the interviewees' opinions were similar; the complexity of corporate sustainability claims often confuses the customers. Interviewee 6 mentioned that most companies identify corporate sustainability as an advantage to stand out among other companies. Since the phenomenon got traction from almost every company, it has become harder to stand out. Thus, it leads to corporate greenwashing to get the attention of the stakeholders. Therefore, interviewees proved what Gnanaweera and Kunori (2018) mentioned in their study: some companies focus on corporate sustainability due to stakeholders' pressure. Once the pressure fades away, the concept is also likely to be faded away from the business concerns. This leads to troubling evolution in corporate sustainability, false sustainability claims.

4.3 False sustainability claims

Proving the statements of Nunes and Park (2017), all the interviewees agreed that defining whether the company operations are sustainable is a challenging task and most of the businesses self-claim sustainability practices opposite to the operational realities. When the researcher discussed the false sustainability claims during the interviews, all the interviewees' reaction was filled with disappointment. Their appearance and body language seemed that they were highly against the false corporate sustainability claims.

"Well, what can you say about those? I am very sad to hear that that could even happen. Our company really goes like for real in the sustainability. So, it would not be good if we hear that our competitors say falsely what they have been doing. (...) We need sustainable thinking in the business world." (Interviewee 3)

"if we are not sustainable in our product, then we should not say it. (...) Because everyone is talking about climate change and sustainability, so many companies feel obligated to be the like sustainable. And that leads to many companies create these false claims." (Interviewee 6)

Further, interviewee 6 stated that if the businesses feel pressure from society, they can try even a tiny change towards sustainability. Nevertheless, it is not ethical to lie that

the business is sustainable when it is not. Proving the statements of De Jong et al. (2017), Interviewee 6 stated that false sustainability claims could be between half-truths and lies (an intrinsic feature) or techniques used to mislead or confuse people (a communicative feature). Therefore, as Nunes and Park (2017) mentioned, in most cases, sustainable practices remain as words on paper, and there is a substantial gap between corporate sustainable talk and practice. Interviewee 7 agreed that sustainability could motivate better action, and businesses need to live by their actions.

However, as Gray (2006) mentioned, some interviewees mentioned that companies often include misleading and vague statements in their sustainability reports, official websites, or other marketing material to attract the stakeholder interest with the pressure from society. All the interviewees agreed with what Delmas and Burbano (2011) claimed in their study that corporate greenwashing has skyrocketed in recent years. Further, more firms have combined poor environmental performance with positive communication about environmental performance.

"I think it is quite common. And I think it is also a big issue. (...) I think that it is impossible to ever be in a situation where all the consumers will actually have enough knowledge from every industry to know what is sustainable and what is not. So yeah, this will definitely be an issue. I am not usually a big fan of regulations, but it is a matter, which actually does require regulations" (Interviewee 4)

Interviewee 4 continued the discussion saying that greenwashing is a matter of what the companies choose to say and market it. Therefore, businesses choose whatever beneficial for them and then market it. However, as Emeseh and Songi (2014) mentioned, there is no binding at national and transnational levels for holding companies accountable for false sustainability claims because corporate sustainability is voluntary and self-regulated. Further agreeing to what Emeseh and Songi (2014) mentioned, interviewee 3 and 4 also suggested implementing strict regulations on sustainability reporting. Then the companies cannot obtain false reputational advantages within voluntary concepts.

Adding to this, interviewee 1 equalized greenwashing as a curse word. Further, she mentioned that some companies are not aware of what they need to do to be sustainable. As a solution, she stated, there are recognized Finnish entities that help

companies identify the actual impact on sustainability. Those entities run a sustainability check and then offer a certified batch for the organizations. Then the organizations can add that batch as a recognition for their official website. Interviewee 6 explained about being self-regulated in corporate sustainability as follows.

"For example, our company, we are not saying that our products are sustainable because we cannot prove. (...) But we strive for sustainability as a part of our values. We still want to make the product and be sustainable in all the aspects of our company." (Interviewee 1)

As a regular customer, interviewee 8 mentioned that she was buying clothes from a famous fast-fashion retailer which claim that they are acting towards sustainability, and later she found out that it was false. Since all the interviewees are sustainable consumers, the researcher probed their general opinion on false sustainability claims. As a consumer, most of them are critical of the situation, and it proved what De Jong et al. (2017) mentioned that false sustainability claims warn consumers' opinions of the communicative reliability of the organization.

"As a consumer, I am really critical on these issues. (...) And of course, it happens that sometimes things turn out after the purchase. It makes me think that maybe I made a wrong choice or did not do my homework properly. (...) And I talk about in my own networks about these issues. Then it can help companies to do better work in this." (Interviewee 1)

"In the personal life, I will definitely try to find something that would affect my green values. I do not like the false claims at all. (...) We need to stand up for these things (...) as a consumer." (Interviewee 3)

Moreover, Interviewee 7 mentioned that as a consumer, first, he will evaluate the claim and then will decide whether to proceed as a customer or not. As an example, he mentioned he changed his bank service provider due to corporate greenwashing. Further, as an employee, Interviewee 5 mentioned in his previous job that he found out that the company was using child labour, and as a sustainable expert, it made him resign from the company. Adding to that, Interviewee 2 mentioned that companies should clarify the workers, partners and clients about their sustainable processes and actions. These statements proved what De Jong et al. (2017) mentioned, that benefit from greenwashing appears to be short term, and they do not increase the consumers'

purchase interest. Therefore, greenwashing does not contribute to consumers' buying interests; thus, it is a useless and myopic strategy.

Further, as Emeseh and Songi (2014) mentioned, all the interviewees agreed that false sustainability claims affect corporate image adversely while damaging an already existing positive brand image.

"Once you put the information out there, especially on the internet, and the internet will remember everything. (...) Customers are becoming more and more aware of what they are buying. They are becoming more interested in things companies say, and you have to be really careful what you are saying." (Interviewee 6)

"Well, the consumers are not stupid in general. (...) Nonetheless, you cannot fool the people. It might have been something that was possible, but I do not think that is anymore." (Interviewee 7)

In addition, Interviewee 8 mentioned that businesses should not be materialistic; they should focus on being ethical because corporate sustainability is a responsibility. If the businesses involved in false sustainability claims, that would affect adversely in the future. These statements proved the claims of Delmas and Burbano (2011); corporate greenwashing and false sustainability practices can have adverse effects on consumers' and investors' confidence in sustainability, green products, and environmentally responsible firms. Moreover, that can immensely affect the firms which are taking humble steps towards being sustainable.

4.4 Customer retention

Ferrell (2004) pointed out that customers are a vital organizational stakeholder group that help establish the firm's reputation and identification. Interviewee 3 explained the importance of customers for a business by explaining the mission statement of her employee. Their ultimate mission is to delight the customers by treating them equally by responding to their interests and show them that customers are essential. Moreover, all the interviewees had similar opinions of customer retention. They all agreed that a business's sole purpose is creating a customer and keeping them within the company, and they explained the essence of customer retention as follows.

"That is the most important thing. You have the staff, and then you have the customers. If you align these with your company values (...), then the business is going. Then you have the customer retention, and that is the only way to grow your business." (Interviewee 2)

"We will not have the business if we would not retain the customer. So, I do not know if I need to explain to you even more. Sometimes we lose the customers, but then again getting them back is important as retaining them" (Interviewee 3)

" It is very crucial to keep customers coming back. It is something that we build our business around." (Interviewee 7)

Gustafsson et al. (2005) mentioned that understanding the complexity of customer retention is crucial to understand the drivers of customer retention. Providing a base for this statement, Interviewee 2 explained there are proven records that if a company can build trust within the customers about their products or services, they remain within the company. Adding to that, interviewee 6 mentioned if a company can retain a customer, which means they trust the company.

Therefore, a fruitful relationship between a customer and a firm lasts mostly because of mutual expectations built on trust. According to Gustafsson et al. (2005), Ferrell (2004), and Haverila and Haverila (2018), other than trust, there are more critical drivers of customer retention; transparency, commitment, customer satisfaction and being ethical. The interviewees had varying opinions regarding those drivers.

However, as Figure 8 shows, more than half of the interviewees agreed that all the factors mentioned above are the drivers of customer retention. Interviewee 4 mentioned there are other factors such as quality and cost which affect customer retention. However, compared to the factors mentioned above, those factors are not critical.

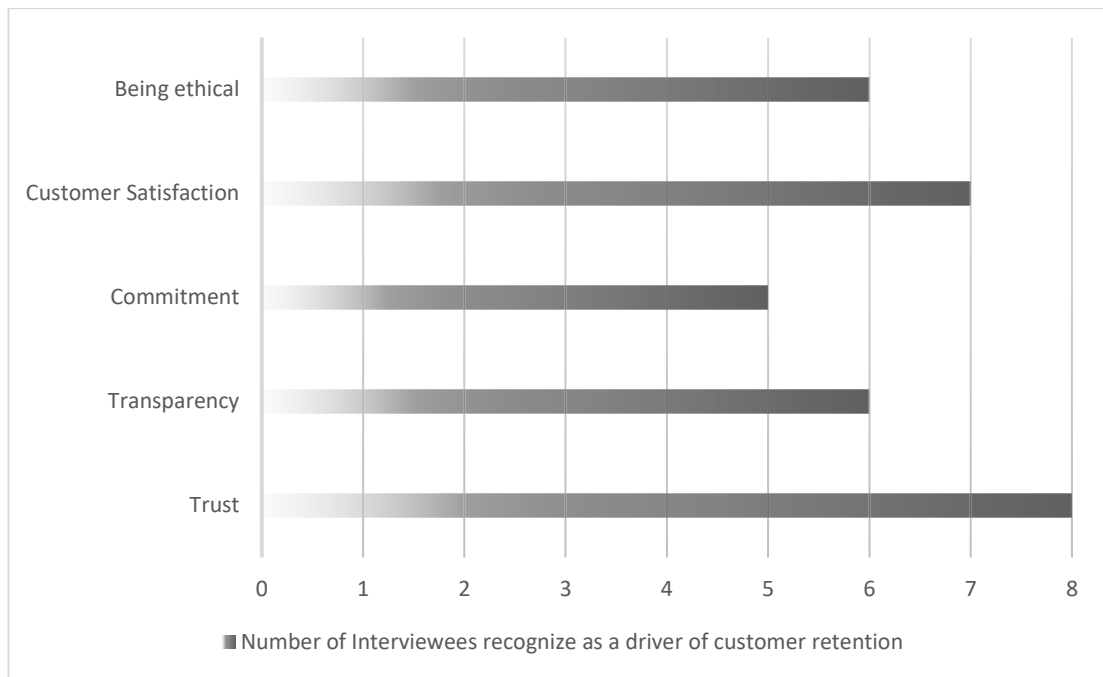


Figure 8: Drivers of customer retention

Some interviewees provided examples to prove what Haverila and Haverila (2018) mentioned: customer satisfaction varies across customers. Interviewee 7 mentioned customer satisfaction often combined with the after service. Some customers might be satisfied with the product or service when they purchase, but the after service is not up to what they expected. For example, interviewee 7 mentioned he was a loyal customer of the Lacoste brand because of the quality and satisfaction. However, quality went down at some point, and it breached the trust and was unsatisfied and discontinued being a loyal customer. It proves what Gustafsson et al. (2005) mentioned, customer satisfaction significantly influences customer retention.

As a solution to enhance customer satisfaction, Interviewee 5 suggested that collecting feedback from the customers is essential. About being ethical, interviewee 6 had a different opinion. Even though customers understood that some companies have unethical behaviour, some might dismiss it, considering it is not an issue. As a counterstatement, interviewee 7 mentioned that without being ethical, a business could not be sustainable.

"If you say Nike or some other popular brands, they might use child labour. But people separate that from the brand because we know that many brands,

unfortunately, do that. I think it is something that is often skipped, especially with sustainability. (...) So people tend to skip that information, and they might focus on more of the product is 100% biodegradable, but who collected the resources for that product? Was it ethical?" (Interviewee 6)

Further, she mentioned that, as a company, it is important not to spread false information. For customer retention, it is crucial to be genuine, honest, and humble. In other words, it is about being trustworthy and transparent. According to Interviewee 7, transparency might vary across different customer groups. If a company operate in B2B (business to business), sales transparency is vital to building relationships.

Nevertheless, if a company operating in B2C (business to customer) sales, it is okay to be less transparent. Companies can choose and update their official channels with the information they want to be visible to the public. Proving the claims of Gustafsson et al. (2005), six interviewees agreed that relationship commitment is another potential driver of customer retention. It creates a stickiness that keeps customers loyal to a brand or company even in low satisfaction or no satisfaction. It positively impacts customer retention through relationship development. Interviewee 2 stated a business should treat customers like family while increasing the level of cooperation; if a company takes good care of them with commitment, it will bring customer retention.

Further, demonstrating what Ferrell (2004) and Haverila and Haverila (2018) mentioned, all interviewees agreed that retained customers help enhance financial performance, loyalty, reputation, brand image, repurchase intent, and positive word of mouth. Confirming what Ang and Buttle (2006) mentioned, Interviewee 1 and 4 stated that it could be more costly to win a customer than retain a customer.

"(...) actually keeping the customer rate is like ten times cheaper than getting money from a new customer. (...) I think that this is what often goes wrong. You lose a lot of time to constantly getting new customers, and then you do not put enough effort in maintaining your old customers." (Interviewee 4)

Further, he mentioned that companies give new deals for the new customers, but if a company needs to retain the old customers, it is equally important to give them the same benefits as the new customers. As Ferrell (2004) mentioned, most responsible customers evaluate the ethical practices of companies. They are aware of the

importance of environmental issues and other responsibility issues that impact products' purchasing and consumption. Since all the interviewees are from Finland, Interviewee 6 mentioned that quality and reliability are the most important thing for the customers in the Finnish market than the cost of the product. Quality and reliability build through ethical values such as being sustainable, eco-friendly, or organic. Sustainable products are usually cost more since the whole life cycle of the product is sustainable. Therefore, there is a loyal customer base which created for business based on their sustainability efforts.

4.5 Relationship between corporate sustainability and customer retention

Ferrell (2004) mentioned that extreme competition sometimes causes unethical behaviour even though customer retention is in play. Interviewee 5 mentioned that these days being sustainable playing a leading role in customer retention; if a company is not sustainable, it can adversely affect customer retention. Therefore, working sustainably is the best way to protect existing customers and retaining them within the business.

As interviewees mentioned, to maintain a sustainable customer relationship, it is vital to listen to the customer needs and collaborate with them. Interviewee 6 explained customers retention from a different perspective. Customers can retain within the business because they bought the product or service, liked it, and repurchased it. Another way is that they might buy it or not, but they got good vibes from the business, and they support the company as a loyal customer. In both ways, customers can build a community around the brands they like and help them to grow. In this situation, corporate sustainability plays a leading role.

"For example, personally, I have some companies that I might not buy products from, or once I bought, but I follow up with them, their progress and what they get to say. Because they are built on the sustainability, the product, the company, the concept, everything." (Interviewee 6)

Therefore, it proved what van Doorn et al. (2017) mentioned: corporate sustainability positively affects customer attitude and customer retention. However, confirming the statements of Urbański and ul Haque (2020), interviewee 4 stated that younger

customers often care about sustainability and believe greenwashing is problematic than older customers. Older customers are more sensitive when greenwashing is drawn to their attention.

"If you are aware of your main target group, well, for example, for customer between age 20 to 35, especially female customers, sustainability has already played a huge role. But if we are talking about, if the customer base is 40 to 60 years old, especially male customers, it actually does not matter at the moment." (Interviewee 4)

Further, he mentioned that it varies across the industry and country the business operates in. Further verifying this statement, interviewee 6 mentioned an example concerning UPM, a Finnish forest industry company that makes paper and label materials. Sustainability is part of their values, but some customers might not even care about the business values. They will still buy the paper because they need it, and thus it will not affect the brand image. Further, as a young sustainable consumer, interviewee 6 stated an example in her personal life.

"I bought a toothbrush from a company which claim they are sustainable and 100% biodegradable. Their whole brand is based on sustainability, and what confused me a lot is that they have a toothbrush that does not use plastic for the handle. It uses bamboo or some other biodegradable material, which is great, but bristles are plastic. And my question is, how then this toothbrush can be biodegradable. It will only decompose the handle, but the bristles will remain. Then I decided I will not buy from them anymore because it is a false sustainability claim" (Interviewee 6)

However, businesses will lose customers if the company get caught doing something unethical. Therefore, in future, all customer groups will concern about sustainability in business. However, to make the customers aware of companies' sustainability efforts, it is essential to communicate and inform through different marketing strategies.

As Delmas & Burbano (2011) discussed in Figure 2, silent green companies do not communicate about their excellent environmental performances. Agreeing to that, interviewee 6 mentioned that the Finnish market is quiet in general, and because of the legislation, most companies are sustainable. Even though Finland has great clean technologies, they do not promote them with proper marketing strategies. Therefore,

most of the decent, sustainable Finnish brands are not popular worldwide. If they promote those sustainable efforts, they might get attention worldwide because most countries might not even know those technologies. Also, interviewee 6 mentioned that if a business can connect sustainability with economics, that is a killer combination to grow the business. Therefore, it confirms the statements of Ankit and Mayur (2013); consumer attitude toward green advertising significantly influences consumer purchase intention. And then, it leads to customer retention and for that, the message should be specific, trustful, and straightforward. However, interviewee 5 mentioned that green advertising could be like a double-edged sword since it might have potential risks if the sustainable claims are false.

Therefore, most of the interviewees had the same opinion of silent brown organizations and greenwashing organizations. To decrease the firm-level greenwashing, companies can move from greenwashing firms to vocal green firms and move from greenwashing firms to silent brown firms. Since silent brown firms are still not good for the environment, government agencies, policymakers, and NGOs can give incentives to brown firms to stop communicating positively about environmental performance and encourage to improve the transparency of firm environmental performance by aligning intra-firm structures with those incentives. These suggestions provided justifications to the recommendations of Delmas and Burbano (2011).

Sustainability has a potential impact on the benefits companies get from customer retention identified by Ferrell (2004) and Haverila and Haverila (2018). As Figure 9 shows, all the interviewees agreed that corporate sustainability positively impacts improving loyalty, reputation, brand image, and word of mouth. About the repurchase intent and financial performance, interviewee 1 commented as below.

"I actually also recognize that sustainability is black and white. Some customers think that it is important, and they really look forward to finding it from the product or services they purchased. And then again, some people are, for some reason, their attitude is really negative on all these." (Interviewee 1)

Further, she mentioned that business could also lose the customer and the possible benefits of corporate sustainability if the customer found out that those sustainability claims are wrong or unclear. Moreover, she mentioned there is no use in changing the

false or unclear information overnight after realizing it is noticeable among the customers. Companies need to be sensitive when delivering information regarding corporate sustainability. Companies should identify the best way to inform the customers about their green performances.

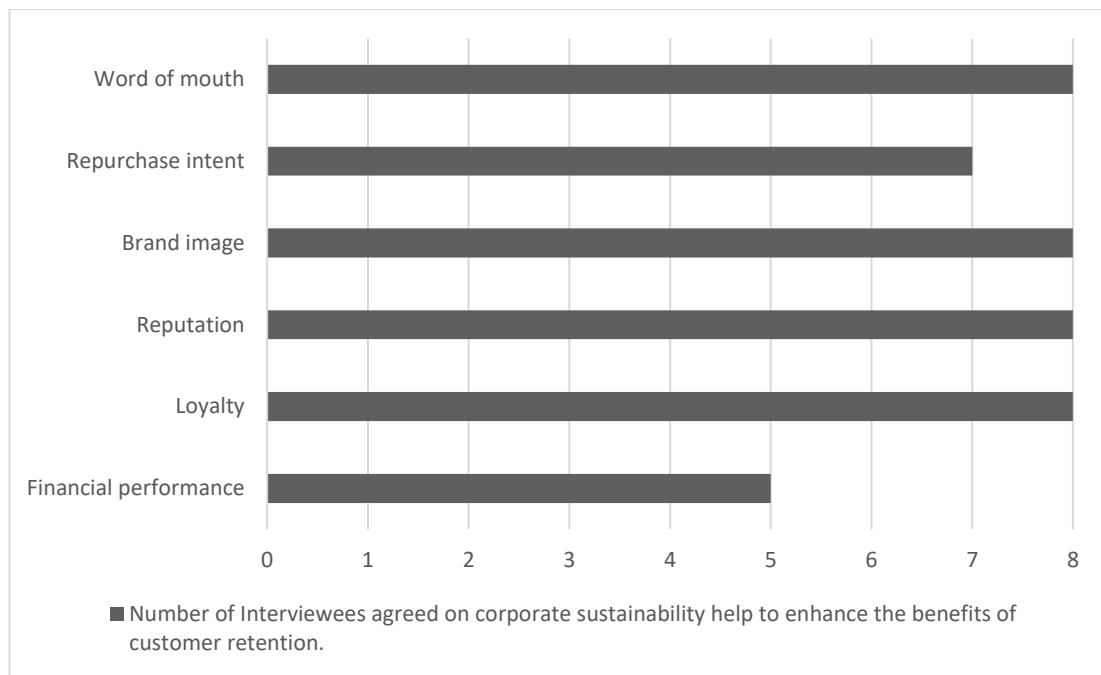


Figure 9: Impact of corporate sustainability on benefits of customer retention

Three interviewees have not agreed that corporate sustainability help to enhance financial performance through customer retention. In response to that, interviewee 6 and 7 has commented as below.

"Every company, no matter how sustainable it is, they have to be profitable because in order to remain their business, they have to be profitable, and they have to make their customers interested in their products." (Interviewee 6)

"Well, you do not have a business if you do not make profits. (...) I think it is very important if you are able to do your business that is both sustainable as well as economically viable." (Interviewee 7)

Based on their explanation, sustainability may impact financial performance but not as much as on the other factors. There are profitable businesses that do not consider sustainability as their core value. Therefore, as some interviewees mentioned, good financial performance is achieved in a business with or without sustainability.

However, they also agreed that corporate sustainability might help to enhance sound financial performance.

Interviewees 7 and 8 had the same opinion about word of mouth. It is the most powerful benefit a company gain from retained customers and corporate sustainability effect on enhancing it. They commented that positive word of mouth is a free advertising tool that optimistically affects sales. Interviewee 8 further mentioned that positive word of mouth is effective than billboards, advertisements, and other marketing tools. However, Interviewee 3 agreed that sustainability help improves and gain all the benefits of customer retention mentioned in Figure 9.

"I would say that as a company we are at the moment, that we have all those benefits. I think we are benefiting from because of sustainability too. We rather not give it away" (Interviewee 3)

However, according to the explanations and characteristics described by most of the interviewees, it was verified the statements of Nguyen et al. (2018) and Boertjens and Cornelius (2017), concerning relationship stages (Figure 4), long customers and concerning buying customers (Figure 5), humanistic customers are the customer groups that mainly pay attention to corporate sustainability when choosing a company and brand and who retain within a company for a long time. For that, firms need to be accurate, ethical, and genuine. Interviewee 4 further explained that sometimes the gender of the customer also matters when it comes to corporate sustainability. However, the effect of gender and the customer's age on corporate sustainability has not been studied in detail since it needs to gather information from a large sample of sustainable consumers.

"If our customer is a man, it sometimes matters. Sometimes it does not matter. But especially when it is a female in charge of the purchasing operations, 100% of the times, they see sustainability as a big difference when choosing the supplier. (...) I would probably use sustainability as my number one marketing point because that is a subject that touches the customer base in marketing. I think that you always should do the kind of marketing that touches your potential buyer. But for example, sustainability is not the biggest point in our marketing because our biggest customer is a forty-five-year-old construction worker. And to them, I do not think that sustainability is their biggest value. " (Interviewee 4)

Further, Interviewees commented that the drivers of customer retention also could be affected by corporate sustainability. All the interviewees agreed that corporate sustainability positively affects trust, transparency, and ethics while enhancing those factors (Figure 10).

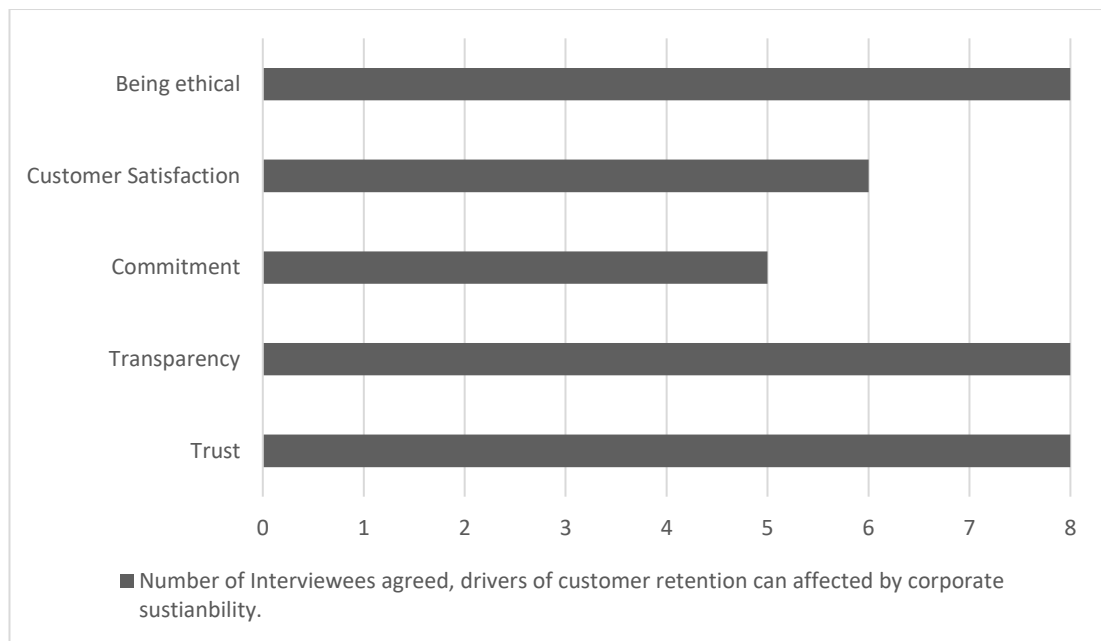


Figure 10: Impact of corporate sustainability on drivers of customer retention.

However, interviewee 1 and 4 commented that customer satisfaction varies from customer to customer when it comes to sustainability in business. Further, some interviewees argued that it comes from both the customer and the company regarding commitment. To continue a committed relationship, there should be a pledge of continuity between parties and the sacrifice or possibility for sacrifice if a relationship ends. It does not matter if the company is sustainable or not. Nevertheless, for some customers, companies being sustainable is a part of the commitment. Adding to that, interviewee 2 mentioned that maintaining a long-term relationship with customers, catching up with them after purchases is also a part of sustainable business values.

However, more than half of the interviewees verified the statements of Gustafsson et al. (2005) that customer satisfaction and relationship commitment affected by corporate sustainability. Therefore, as mentioned in the previous literature based on the responses of all the interviewees, it was verified that drivers of customer retention,

trust, transparency, customer satisfaction, commitment and ethics are positively affected by corporate sustainability. Further, it was logically proven that false sustainability negatively claims effect on those drivers of customer retention. Thus, as Ankit and Mayur (2013) mentioned, corporate sustainability helps to grab the customer's attention, and it helps increase the retention rate because corporate sustainability is a win-win for both customers and the company.

4.6 Empirically improved theoretical framework

In Figure 11 theoretical framework has revised and developed based on the findings of empirical data. According to Dubois and Gadde (2002), combining theoretical framework with the result of the research is the most important outcome of the study. It has developed based on the effect of false sustainability claims on customer retention. Compared to the theoretical framework presented in Figure 7, this has developed based on how drivers and benefits of customer retention affected by false sustainability claims. Further through that, how customer retention can be affected.

Besides, concerning improvements, it has developed showing the relationship between different types of environmental strategies and customer retention, the effect of false sustainability claims on customer retention drivers and its benefits, and the most critical connection; the relationship between false sustainability claims and customer retention.

In addition, the framework has used colours to give the reader a better idea to identify the changes done to the initial framework. The more specific adjustments and modifications of the framework are discussed more thoroughly in the next chapter by answering the research questions and providing the reader with the managerial implications.

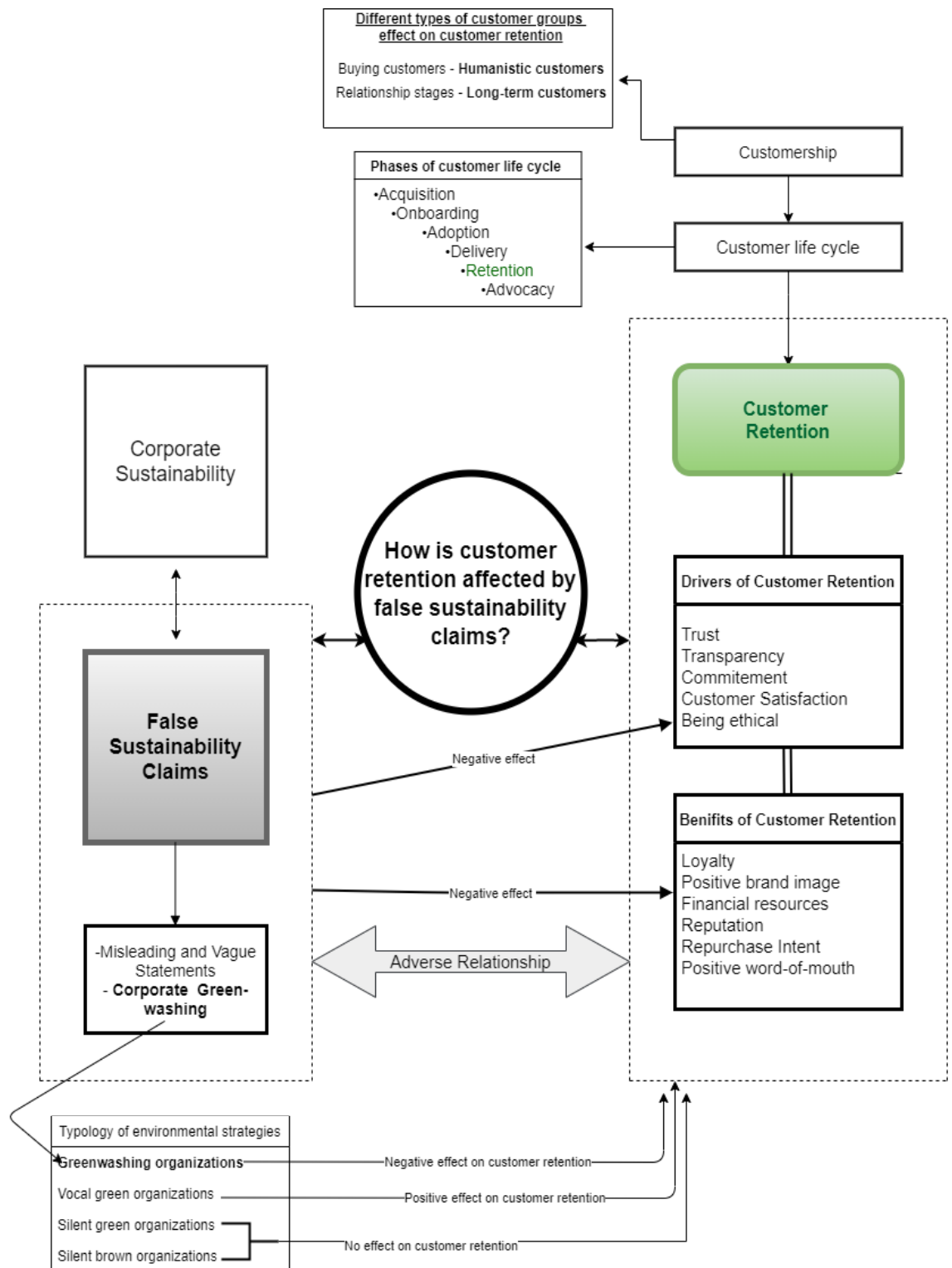


Figure 11: Empirically improved theoretical framework: effect of false sustainability claims on customer retention.

5 CONCLUSIONS

This paper makes three contributions to the body of knowledge. First, it extends the understanding of earlier literature related to corporate sustainability, false sustainability claims and customer retention (Delmas & Burbano, 2011; Ferrell, 2004; Harrison & Freeman, 1999; Nunes & Park, 2017; Schultz & Block, 2013; Weinstein, 2002) while combining the concepts in a social aspect to answer the main research question. Second, the study provides a set of managerial issues to be considered, based on the empirical data collected through in-depth interviews with management level professionals involved with corporate sustainability and customer relationship management. Third, the propositions drawn from the collected data and theories provide a foundation for future research through the study's limitations.

5.1 Key findings and the theoretical contributions of the study

This subchapter includes the key findings of this study together with their theoretical contributions. The purpose of the research was to expand the understanding of how false sustainability claims affect customer retention. The study focused on understanding corporate sustainability, the false corporate sustainability claims, customership, customer retention, the drivers and benefits of customer retention, and the relationship between corporate sustainability and customer retention to answer the main research question. Since this study's findings and discussion chapter was explicated thoroughly through the literature review and empirical data while rebuilding the theoretical framework, the researcher directly focused on the main research question without any sub-questions to support the main question.

The main research question was: *How is customer retention affected by false sustainability claims?*

Answering the research question necessitated studying firstly the drivers of customer retention. Secondly, the effect of corporate sustainability and false sustainability claims on those drivers examined. Thirdly the impact of false corporate sustainability claims on customer retention was studied. Finally, the effect of false sustainability

claims on the benefits of customer retention was assessed. Those relational issues influenced providing solid key findings to solve the main research question.

Consistent with the theoretical literature, the results indicate that the drivers of customer retention are trust, transparency, commitment, customer satisfaction and being ethical, as suggested by Gustafsson et al. (2005), Ferrell (2004), and Haverila and Haverila (2018). According to the study, trust is the most fundamental driver of customer retention, and following that, customer satisfaction, transparency, ethics, and commitment took the lead.

When it comes to trust, interviewees claimed that a fruitful relationship between a customer and a firm lasts mostly because of mutual expectations built on trust and there are proven records that it leads to a higher rate of customer retention. The next most crucial driver, customer satisfaction, varies across customers and in different industries, and it is subjective from one to another. Further, transparency is essential to maintain a rewarding relationship with customers if a company mainly function in B2B (business to business) sales. Moreover, being ethical in business is a must; otherwise, customers will not retain within the company. Finally, the commitment creates a stickiness that keeps customers loyal to a brand or a company.

Secondly, as suggested by Ferrell (2004) and Haverila and Haverila (2018) and through the analysis of empirical data, corporate sustainability has a positive impact on the drivers of customer retention. Therefore, there is a constructive relationship between corporate sustainability and all the mentioned drivers of customer retention. That means logically, based on the literature and the interviewees' answers regarding fraudulent corporate sustainability practices such as corporate greenwashing, there is a depressing relationship between the concepts. Corporate sustainability builds the drivers of customer retention, and false sustainability claims withdraw all the drivers.

Thirdly, to get a comprehensive opinion about the subject researcher first studied the effect of corporate sustainability on customer retention and, via that, made the link to the false sustainability claims. During the data, collection process the researcher was able to identify the relationship between the concepts. Moreover, based on the interviewees' answers, the researcher gathered information about false sustainability

claims from the interviewees as a company representative and from the perspective of a sustainable consumer. It helped the researcher to understand the perception of false sustainability claims from both company and customer perspectives. However, this research gave priority to the company perspective and most of the findings built through that. Therefore, since false sustainability claims withdraw or negatively affect all the drivers of customer retention, it leads to a lower or zero percentage of customer retention rates. Relate to the relationship between corporate sustainability and customer retention; phenomena have a solid and positive relationship. Nevertheless, false corporate sustainability claims and customer retention have a negative relationship that severely damages the company's brand image and long-term success.

Further, empirical data provided a base for what Delmas and Burbano (2011) stated, there should be proper legislation regarding false corporate sustainability claims. Greenwashing regulation currently applies only to miscommunication about product or service environmental performance, and there are no regulations for miscommunicating about firm sustainability performance. However, according to the opinion of interviewees, it is challenging to promote rules in practice because it is difficult to measure and assess the degree of firm-level greenwashing. It makes it unfair to the sustainable customer who cares about sustainability when they make purchasing decisions. This affects B2B and B2C (business to consumer) sales, but B2B sales have more impact since the end customer finds difficulties tracing back the origin of false sustainability claims.

Finally, the researcher found out that the effect of false sustainability claims negatively affects customer retention, and through that, it affects the potential benefits of customer retention. It is logical that when there is a negative relationship between the concepts of false sustainability claims and customer retention, the benefits of customer retention can be faded if the company communicates lies about their sustainability performances. As Ferrell (2004) and Haverila and Haverila (2018) stated, gathered empirical data verified, false sustainability claims negatively impact the benefits of customer retention; sound financial performance, loyalty, reputation, positive brand image, repurchase intent, and positive word of mouth. Further, it is not viable changing the false or unclear information overnight after realizing that it is noticeable among

the customers. Companies need to be sensitive when delivering information regarding corporate sustainability if they want to benefit from the retained customers.

However, interviewees verified the statements mentioned by Delmas and Burbano (2011) concerning the typology of environmental strategies. There are silent brown firms with lousy sustainability performance and no communication about sustainability performance. Therefore, customers are not aware of their false sustainability performances, and it will not affect the customer retention drivers and rate. Nevertheless, greenwashing organizations that combine bad sustainability performance with positive communication about their sustainability performance affect customer retention rates adversely.

Further, it was verified that marketing strategies and sustainability tools such as reports and indexes play a vital role in customer retention. Vocal companies who share misleading and false statements with their customers are more likely to get affected by lower customer retention rates. Some companies ended up in bankruptcies because of fraudulent corporate sustainability practices. Especially if the business is a microenterprise or a small business, it has no market power to influence the customers. However, if the company is a giant in the industry they are operating in, the company can easily overcome the damage because some customer groups do not care about sustainability. It also matters if the company only has sustainability products because the customer base is only retained because of sustainability practices.

Therefore, proving what De Jong et al. (2017) mentioned, some interviewees agreed that benefits from greenwashing and false sustainability claims appear to be short term, and they do not increase the consumers' purchase interest or retention rates. On the other hand, false corporate sustainability claims such as greenwashing warn consumers' opinions of the communicative reliability of the organization. Therefore, false sustainability claims do not contribute to customer retention, and concepts undesirably complement each other.

Overall, this study contributes to understanding phenomena that lack information on existing literature, the effect of false sustainability claims on customer retention. Most of the existing literature (Chen, 2015; Grewatsch & Kleindienst, 2015; Ranaweera &

Prabhu, 2003; van Doorn et al., 2017) discussed how corporate sustainability could affect customer relationships and customer retention. Nevertheless, no existing literature provides information on the darker side or, as De Jong et al. (2017) mentioned evil twin of corporate sustainability. Further, in previous literature, these drivers and benefits of customer retention were identified individually. Therefore, through the empirical findings, this study combines factors mentioned in the previous literature to understand better customer retention and the effect of false sustainability claims on customer retention. Therefore, the researcher has provided a comprehensive theoretical contribution by comparing the concepts of corporate sustainability and false corporate sustainability with drivers and benefits of customer retention.

5.2 Managerial contributions of the study

Despite the predominant theoretical contributions of this research, it also has several managerial implications. The thesis discusses several issues that managers and organizational actors must pay attention to when claiming corporate sustainability to customers. Since this study gathered the empirical data from the company representatives and conducted it based on the organizational perspective, it evaluates and compares the thoughts and various experiences at an organizational level. This knowledge is considered valuable for companies or brands that focus on sustainability as a value or a core concept in their business strategy to utilize economic decision making. In addition, this study is helpful for entrepreneurs to utilise in their daily business life how to gain traction from customers ethically.

However, the results do not indicate what kind of rules or regulations should be formulated regarding false sustainability claims. This also emphasizes the need for managers to consider and choose the information they need to share with the customers. This sort of information can be valuable when forming a corporate sustainability program and agendas for business ethics. Naturally, this brainstorming should occur at the early stage of the company or a brand because then the company has time to correct the mistakes and go forward.

The study also emphasizes the importance of customer retention and the benefits of that. On the other hand, however, some companies tend to claim fraudulent corporate

sustainability practices without knowing. The research gives insight into how false sustainability claims can enormously affect the company's brand image and the customer life cycle in an organization. Therefore, as suggested in the findings, it is necessary to have explicit knowledge about corporate sustainability and have agendas and transparent information about corporate sustainability claims.

Even though companies are not accountable for false sustainability claims at both the national and transnational level, it is good for the companies to maintain ethical behaviour from the beginning. Therefore, this study shows the importance of clean, ethical conduct and allows businesses to rethink before claiming false sustainability practices. It can prevent companies from future troubles and pave the path to maintain the existing customer base more effectively.

The research and its contents may also be used to steer managerial attention towards relevant issues in corporate strategy on how to enhance trust, transparency, commitment, customer satisfaction and business ethics. This will provide the base to implementing new strategies on customer retention through corporate sustainability.

5.3 Evaluation of the study

The greatest challenge in qualitative research is to prove to the readers the study's scientific nature, quality, and trustworthiness (Eriksson & Kovalainen, 2008). There are various ways to evaluate the study in qualitative research depending on the utilized research methods and research questions. Eriksson & Kovalainen (2008) mentioned that researchers always confused about the logic of qualitative and quantitative research methods. The research method varies depending on the research question, and the collected data should be enough to answer the research question.

Based on Eriksson and Kovalainen (2008), three classic concepts evaluate social sciences or business research: reliability, validity, and generalizability. Reliability evaluates the degree to which similar results can be obtained if the analysis is replicated. Validity refers to accurate and factual descriptions of the results and conclusions of the study. The study is termed as valid if the results can be tested as accurate and incontrovertible. This means that the results have a strong backing and

verification in theory being tested. Generalizability refers to the process of extending the research into a future research context. Generalizability in qualitative research refers to analytical generalizability, which supports linking results to previous theories or forming a good argument and justification (Eriksson & Kovalainen, 2008).

Guest, Bunce & Johnson (2006) stated that different experts have various opinions about the number of interviews they should conduct to fulfil the validity of the research. Further, they mentioned that small samples are sufficient in providing accurate information within a context if the interviewees are expertise in the domain of inquiry. There are proven records that in-depth interviews with small samples provide incredibly accurate information with a high confidential level. It helps structure the database to identify the thematic variability, understand the cohesiveness of a domain, and explore the relationship patterns (Guest et al., 2006).

In this research, the researcher has selected in-depth interviews as the data collection method since the research topic is sensitive and confidential from the company perspective. Total eight interviews have conducted to maintain accuracy and quality. Interviewees were carefully selected to understand the domain more comprehensively. Data gathered in a digital format, and then the gathered data carefully transmitted to a written format. Data was coded in NVivo software and checked by a peer in a similar discipline to maintain reliability. According to Eriksson and Kovalainen (2008), the triangulation method helps the researcher verify the data's origin. It is the process of cross-checking the acquired data through various mediums. The researcher has used the triangulation method to verify the validity of some cases mentioned by the interviewees as examples. Those examples and cases were rechecked through online databases.

This study successfully generates results that have a solid theoretical foundation and can be used in a broader context in the future. The results show that more than two interviewee responses support the theories used in the research, thus making the research generalizable. The study was conducted by using the data gathered from in-depth interviews with sustainability professionals in Finland. Therefore, the results cannot be generalized worldwide because corporate sustainability practices vary across countries. Generally, generalizability is using in quantitative research, and it is

challenging to generalize qualitative research. The nature of work in corporate sustainability is different across the industries. For example, corporate sustainability in a construction company varies from a textile company. However, the results assist other companies to focus on establishing sustainability programs and help companies with formal sustainability programs enhance the existing practices.

5.4 Limitations and suggestions for future research

This chapter includes limitations and suggestions that can be made for future research from the basis of this study. Since the interviews were conducted in a specific country (Finland), the results cannot provide highly generalizable suggestions. They do shed light on the impact of false sustainability claims on customer retention; however, they do not guarantee that drivers of customer retention would be similar in another country, especially if it is a developing country. In addition, the interviews conducted in English, which was different from the native language in Finland. There could also be possible limitations on the interpretation of the information due to a language barrier. Since false sustainability claims such as corporate greenwashing is a globally concerned troubling evolution, this research topic could be more broadly studied in future research. Moreover, some of the sustainability performances and indexes can be measurable through statistics. It would be better to combine qualitative and quantitative research methods to get comprehensive knowledge about the phenomena.

Further, the researcher verified that the companies of the interviewees' were not reported any false sustainability claims did not find evidence to compare the theory with an actual case company. Therefore, it would be good to have a case company that already claimed false sustainability claims with or without their knowledge and publicly got famous for greenwashing. In addition, data could be collected from the employees and management of that case company to understand a real case. Future research can suggest clear and user-friendly tools and methods to measure companies' progress toward sustainability. Because during the interviews, some interviewees mentioned that some companies unintentionally claim false sustainability practices, and the author did not find enough evidence to discuss those issues.

This study was focused on the phenomena from the company perspective. There remains a research gap to understand further the customer reaction towards the false sustainability claims along with other conditional factors such as customers' age, culture, or gender. There is a need for educating customers and improving the policies to ensure customers recognize greenwashing products in daily life. It has also been substantiated that false sustainability claims create a negative impact on green purchase behaviour researcher did not probe these questions from the interviewees. Therefore, future research could be conducted based on whether the customers are environmentally conscious enough to differentiate between sustainable and greenwashed companies or brands. As Well, the customer reaction towards the false sustainability claims.

During the interviews noticed that employee retention also affected by false sustainability claims. Two interviewees mentioned example cases where they resign from the companies because of corporate greenwashing. However, gathered information was not sufficient to study the relationship between employee retention and false sustainability claims. Employee retention is also necessary as much as customer retention. Therefore, the effect of false sustainability claims on employee retention could be a suggestion for future research.

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APPENDICES

Appendix 1: Interview questions for the company representatives

General information

1. Can you briefly explain your professional background and the background of the company?
2. What are your present position and responsibility area?

Theme 1 – Corporate sustainability

1. Does your company have a formal sustainability program?
2. How your company defines and views sustainability?
3. What business value have you seen from your sustainability efforts?
4. What are your key sustainability measures?
5. Where do you stand on sustainability relative to your competitors?
6. What do people on the outside of the company think of your green performance?
7. What is your perspective of corporate sustainability? Is it necessary for companies?

Theme 2 – False sustainability claims

1. What is your opinion about false sustainability claims such as misleading, vague, false statements and corporate greenwashing?
2. Do you think it is okay to have a gap between corporate sustainable talk and practice?
3. How do you think false sustainability claims damage already existing positive brand image?
4. If you consider yourself as a customer if you experience false sustainability claims from a company which you buy products or services,
 - a) *What will be your reaction?*
 - b) *What kind of actions or reactions will you have?*
 - c) *Do you have any personal experiences?*

Theme 3 – Customer retention

1. How necessary is customer retention?
2. In your opinion, what would a company need to do a retain a customer?
3. How do you keep the customer relationships sustainable? And what are the factors that affect a sustainable customer relationship?
4. As a company, briefly explain how essential these elements are to retain a customer and the role corporate sustainability plays in each aspect.

- a) *Trust*
- b) *Transparency*
- c) *Commitment*
- d) *Customer satisfaction*
- e) *Being ethical*

Theme 4 – Sustainability and customer retention

1. What kind of relationship customer retention and sustainability have?
2. What kind of benefits sustainable customer relationship generates for the company?
3. There are "Silent Green Firms" in the corporate world, which do not communicate their excellent environmental performance.
 - a) *Do you think companies should promote their green performance through different social media channels and marketing strategies?*
 - b) *Do you think when you deliver the message about sustainability practices through those marketing strategies, that impact customer retention?*
4. As a company, briefly explain how important these factors you gain from customers and the role corporate sustainability plays in each aspect.
 - a) *Loyalty*
 - b) *Positive brand image*
 - c) *Financial resources*
 - d) *Reputation*
 - e) *Repurchase Intent*
 - f) *Positive word-of-mouth*
5. From your perspective or with the experience, if a customer found out that sustainability claims are false, how will it affect the aforementioned aspects.